

# **RICHTERSVELD**

## **MUNICIPALITY**



Die Richtersveld leuse is:

!Ghâi //Khoredi

Dit beteken: "Strewe na sukses" in Nama

## **FINANCIAL STATEMENTS**

**30 JUNE 2015**

# RICHTERSVELD MUNICIPALITY

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# **RICHTERSVELD MUNICIPALITY**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

### **GENERAL INFORMATION**

#### **NATURE OF BUSINESS**

Richtersveld Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

#### **COUNTRY OF ORIGIN AND LEGAL FORM**

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### **JURISDICTION**

The Richtersveld Municipality includes the areas of Port Nolloth, Eksteensfontein, Kubous, Alexander Bay, Sandrift and Lekkersing.

#### **MUNICIPAL MANAGER**

DA Farmer

#### **CHIEF FINANCIAL OFFICER**

*(Vacant)*

#### **REGISTERED OFFICE**

*Private Bag X113  
PORT NOLLOTH  
8280*

#### **AUDITORS**

Auditor-General  
Private Bag X5013  
KIMBERLEY  
8300

#### **PRINCIPLE BANKERS**

First National Bank

#### **ATTORNEYS**

Tobie Kotze & Van Sitterts  
Schreuders

#### **RELEVANT LEGISLATION**

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations  
Municipal Budget and Reporting Regulations

# RICHTERSVELD MUNICIPALITY

## MEMBERS OF THE RICHTERSVELD MUNICIPALITY

### WARD

1  
2  
3  
4  
Proportional  
Proportional  
Proportional  
Proportional

### COUNCILLOR

WJP Links  
A Jansen  
G Beukes  
LR Ambrosini  
EN Hausiku  
CF de Lange Richter  
T Swartbooi  
R Jonker

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 94 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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EE Cloete  
**Acting Municipal Manager**

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**Date**

# RICHTERSVELD MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

|  | Notes | 2015<br>R          | 2014<br>R          |
|--|-------|--------------------|--------------------|
| <b>NET ASSETS AND LIABILITIES</b>                  |       |                    |                    |
| <b>Net Assets</b>                                  |       | <b>160 598 313</b> | <b>151 098 974</b> |
| Capital Replacement Reserve                        | 2     | 1 537 401          | 1 003 233          |
| Housing Development Fund                           | 2     | 588 102            | 633 707            |
| Accumulated Surplus/(Deficit)                      |       | 158 472 810        | 149 462 034        |
| <b>Non-Current Liabilities</b>                     |       | <b>14 336 445</b>  | <b>14 997 161</b>  |
| Long-term Liabilities                              | 3     | 296 231            | 963 834            |
| Non-current Provisions                             | 4     | 11 501 923         | 10 846 320         |
| Non-current Employee Benefits                      | 5     | 2 538 291          | 3 187 007          |
| <b>Current Liabilities</b>                         |       | <b>8 497 418</b>   | <b>12 908 814</b>  |
| Consumer Deposits                                  | 6     | 862 497            | 819 977            |
| Current Employee Benefits                          | 7     | 2 054 180          | 2 132 867          |
| Payables from exchange transactions                | 8     | 4 586 863          | 7 767 109          |
| Unspent Conditional Government Grants and Receipts | 9     | 289 547            | 1 047 453          |
| Current Portion of Long-term Liabilities           | 3     | 704 331            | 1 141 407          |
| <b>Total Net Assets and Liabilities</b>            |       | <b>183 432 177</b> | <b>179 004 949</b> |
| <b>ASSETS</b>                                      |       |                    |                    |
| <b>Non-Current Assets</b>                          |       | <b>175 570 848</b> | <b>169 080 863</b> |
| Property, Plant and Equipment                      | 12    | 128 608 049        | 122 033 111        |
| Investment Property                                | 13    | 46 474 255         | 46 477 708         |
| Intangible Assets                                  | 14    | 306 393            | 375 525            |
| Long-term Receivables                              | 15    | 182 151            | 194 519            |
| <b>Current Assets</b>                              |       | <b>7 861 329</b>   | <b>9 924 086</b>   |
| Inventory  | 16    | 129 227            | 115 666            |
| Receivables from exchange transactions             | 17    | 2 962 664          | 817 020            |
| Receivables from non-exchange transactions         | 18    | 1 070 335          | 114 176            |
| Unpaid Conditional Government Grants and Receipts  | 9     | -                  | 2 101 527          |
| Operating Lease Asset                              | 19    | 8 546              | 11 786             |
| Taxes  | 10    | 36 508             | 176 055            |
| Current Portion of Long-term Receivables           | 15    | 12 368             | 10 814             |
| Cash and Cash Equivalents                          | 20    | 3 641 680          | 6 577 042          |
| <b>Total Assets</b>                                |       | <b>183 432 177</b> | <b>179 004 949</b> |

**RICHTERSVELD MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**

|   | Notes | 2015<br>R           | 2014<br>R           |
|---|-------|---------------------|---------------------|
| <b>REVENUE</b>  |       |                     |                     |
| <b>Revenue from Non-exchange Transactions</b>             |       | <b>39 461 147</b>   | <b>31 468 159</b>   |
| <b>Taxation Revenue</b>                                   |       | <b>8 206 487</b>    | <b>6 468 809</b>    |
| Property Rates  | 21    | 8 206 487           | 6 468 809           |
| <b>Transfer Revenue</b>                                   |       | <b>30 304 755</b>   | <b>24 984 847</b>   |
| Government Grants and Subsidies                           | 22    | 29 336 100          | 24 744 374          |
| Public Contributions and Donations                        | 23    | 968 655             | 240 473             |
| <b>Other Revenue</b>                                      |       | <b>949 905</b>      | <b>14 503</b>       |
| Fines   |       | 9 419               | 8 347               |
| Actuarial Gains   | 5     | 940 486             | 6 156               |
| <b>Revenue from Exchange Transactions</b>                 |       | <b>26 809 820</b>   | <b>23 660 566</b>   |
| Property Rates - penalties imposed and collection charges |       | 982 887             | 757 704             |
| Service Charges   | 24    | 20 415 091          | 17 615 577          |
| Rental of Facilities and Equipment                        | 25    | 1 785 275           | 1 914 300           |
| Interest Earned - external investments                    | 26    | 325 454             | 359 693             |
| Interest Earned - outstanding receivables                 | 27    | 1 840 208           | 1 735 139           |
| Licences and Permits                                      |       | 65 293              | 27 702              |
| Income for Agency Services                                |       | 364 532             | 383 514             |
| Other Income  | 28    | 1 031 081           | 866 938             |
| <b>Total Revenue</b>                                      |       | <b>66 270 967</b>   | <b>55 128 725</b>   |
| <b>EXPENDITURE</b>  |       |                     |                     |
| Employee related costs                                    | 29    | (18 009 379)        | (17 130 781)        |
| Remuneration of Councillors                               | 30    | (1 980 471)         | (1 970 165)         |
| Debt Impairment   | 31    | (4 228 980)         | (4 177 689)         |
| Depreciation and Amortisation                             | 32    | (4 439 242)         | (5 401 026)         |
| Repairs and Maintenance                                   |       | (943 907)           | (1 300 317)         |
| Unamortised Discount - Interest                           |       | (29 131)            | (60 333)            |
| Actuarial Losses  | 5     | -                   | (20 478)            |
| Finance Costs   | 33    | (1 119 790)         | (1 203 842)         |
| Bulk Purchases  | 34    | (10 421 122)        | (9 420 897)         |
| Contracted Services                                       |       | (77 542)            | (490 946)           |
| Grants and Subsidies Paid                                 |       | -                   | (5 000)             |
| General Expenses  | 35    | (15 118 407)        | (15 613 304)        |
| <b>Total Expenditure</b>                                  |       | <b>(56 367 972)</b> | <b>(56 794 778)</b> |
| <b>Operating Surplus for the Year</b>                     |       | <b>9 902 995</b>    | <b>(1 666 053)</b>  |
| Gains/(Loss) on Sale of Assets                            | 36    | (47 201)            | 109 363             |
| (Impairment loss)/Reversal of impairment loss             | 37    | (356 455)           | -                   |
| <b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>                 |       | <b>9 499 340</b>    | <b>(1 556 690)</b>  |

# RICHTERSVELD MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

|  | Capital<br>Replacement<br>Reserve<br>R | Housing<br>Development<br>Fund<br>R | Accumulated<br>Surplus/<br>(Deficit)<br>R | Total<br>R         |
|--|--|-------------------------------------|---|--------------------|
| <b>Balance at 1 July 2013</b>                | <b>1 103 661</b>                       | <b>692 572</b>                      | <b>143 492 713</b>                        | <b>145 288 946</b> |
| Correction of Error - note 38.12             | -                                      | -                                   | 7 366 718                                 | 7 366 718          |
| <b>Restated balance</b>                      | <b>1 103 661</b>                       | <b>692 572</b>                      | <b>150 859 431</b>                        | <b>152 655 664</b> |
| Net Surplus/(Deficit) for the year           | -                                      | -                                   | (1 556 690)                               | (1 556 690)        |
| Net Surplus/(Deficit) previously reported    | -                                      | -                                   | (597 769)                                 | (597 769)          |
| Effects of Correction of Errors - note 38.13 |  |                                     | (958 920)                                 | (958 920)          |
| Transfer to/from CRR                         | 682 496                                | -                                   | (682 496)                                 | -                  |
| Property, Plant and Equipment purchased      | (782 924)                              | -                                   | 782 924                                   | -                  |
| Transfer to Housing Development Fund         | -                                      | (58 865)                            | 58 865                                    | -                  |
| <b>Restated balance at 30 June 2014</b>      | <b>1 003 233</b>                       | <b>633 708</b>                      | <b>149 462 034</b>                        | <b>151 098 974</b> |
| Net Surplus/(Deficit) for the year           | -                                      | -                                   | 9 499 340                                 | 9 499 340          |
| Transfer to/from CRR                         | 761 969                                | -                                   | (761 969)                                 | -                  |
| Property, Plant and Equipment purchased      | (227 800)                              | -                                   | 227 800                                   | -                  |
| Transfer to Housing Development Fund         | -                                      | (45 605)                            | 45 605                                    | -                  |
| <b>Balance at 30 June 2015</b>               | <b>1 537 401</b>                       | <b>588 102</b>                      | <b>158 472 810</b>                        | <b>160 598 314</b> |

# RICHTERSVELD MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

|   | Notes     | 2015<br>R           | 2014<br>R          |
|---|-----------|---------------------|--------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                  |           |                     |                    |
| Cash receipts   |           |                     |                    |
| Taxation  |           | 7 224 940           | 6 739 585          |
| Sale of goods and services                                  |           | 15 091 261          | 16 824 141         |
| Grants  |           | 30 679 722          | 32 031 397         |
| Investment Income   |           | 2 165 662           | 359 693            |
| Other receipts  |           | 3 258 839           | 3 677 403          |
| Cash payments   |           |                     |                    |
| Employee costs  |           | (20 050 792)        | (18 984 854)       |
| Suppliers   |           | (29 654 270)        | (35 318 307)       |
| Finance costs   |           | (190 162)           | (322 025)          |
| <b>Net Cash from Operating Activities</b>                   | <b>39</b> | <b>8 525 200</b>    | <b>5 007 033</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                  |           |                     |                    |
| Purchase of Property, Plant and Equipment                   |           | (10 304 367)        | (6 792 640)        |
| Proceeds on Disposal of Fixed Assets                        |           | -                   | (165 241)          |
| Purchase of Intangible Assets                               |           | (21 097)            | (384 371)          |
| (Increase)/Decrease in Long-term Receivables                |           | 10 814              | 9 455              |
| <b>Net Cash from Investing Activities</b>                   |           | <b>(10 314 649)</b> | <b>(7 332 796)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                  |           |                     |                    |
| New loans raised  |           | -                   | -                  |
| Loans repaid  |           | (1 145 912)         | (1 494 640)        |
| <b>Net Cash from Financing Activities</b>                   |           | <b>(1 145 912)</b>  | <b>(1 494 640)</b> |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b> |           | <b>(2 935 362)</b>  | <b>(3 820 404)</b> |
| Cash and Cash Equivalents at the beginning of the year      |           | 6 577 042           | 10 397 446         |
| Cash and Cash Equivalents at the end of the year            | <b>40</b> | <b>3 641 680</b>    | <b>6 577 042</b>   |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b> |           | <b>(2 935 362)</b>  | <b>(3 820 404)</b> |



**RICHTERSVELD MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015**

|  | Notes  | Original Budget | Budget Adjustments               | Final Adjustment Budget | Shifting of Funds        | Virement                         | Final Budget | Actual Outcome | Actual Outcome as % of Final Budget |
|--|--------|-----------------|----------------------------------|-------------------------|--------------------------|----------------------------------|--------------|----------------|-------------------------------------|
|  |        |                 | (i.t.o. s28 and s31 of the MFMA) |                         | (i.t.o. s31 of the MFMA) | (i.t.o. Council approved by-law) |              | 2015           |                                     |
|  |        | R               | R                                | R                       | R                        | R                                | R            | R              | %                                   |
| ASSETS                                   |        |                 |                                  |                         |                          |                                  |              |                |                                     |
| Current Assets                           |        |                 |                                  |                         |                          |                                  |              |                |                                     |
| Cash                                     |        | 504 488         | -                                | 504 488                 | -                        | -                                | 504 488      | 502 303        | -0.43%                              |
| Call Investment Deposits                 |        | 2 621 117       | 1 973 885                        | 4 595 002               | -                        | -                                | 4 595 002    | 3 139 377      | -31.68%                             |
| Consumer Debtors                         |        | 3 404 176       | (54 880 406)                     | (51 476 230)            | -                        | -                                | (51 476 230) | 4 032 999      | -107.83%                            |
| Other Debtors                            |        | -               | -                                | -                       | -                        | -                                | -            | 45 055         | 100.00%                             |
| Current Portion of long-term receivables |        | -               | -                                | -                       | -                        | -                                | -            | 12 368         | 100.00%                             |
| Inventory                                |        | 109 750         | -                                | 109 750                 | -                        | -                                | 109 750      | 129 227        | 17.75%                              |
| Total Current Assets                     | 44.2.1 | 6 639 531       | (52 906 521)                     | (46 266 990)            | -                        | -                                | (46 266 990) | 7 861 329      | -116.99%                            |
| Non-Current Assets                       |        |                 |                                  |                         |                          |                                  |              |                |                                     |
| Long-term receivables                    |        | 193 917         | 22 648                           | 216 565                 | -                        | -                                | 216 565      | 182 151        | -15.89%                             |
| Investments                              |        | -               | -                                | -                       | -                        | -                                | -            | -              | -                                   |
| Investment Property                      |        | 49 904 716      | (2 226 038)                      | 47 678 678              | -                        | -                                | 47 678 678   | 46 474 255     | -2.53%                              |
| Investment in Associates                 |        | -               | -                                | -                       | -                        | -                                | -            | -              | -                                   |
| Property, Plant and Equipment            |        | 103 664 805     | 21 966 297                       | 125 631 102             | -                        | -                                | 125 631 102  | 128 608 049    | 2.37%                               |
| Agricultural Assets                      |        | -               | -                                | -                       | -                        | -                                | -            | -              | -                                   |
| Biological Assets                        |        | -               | -                                | -                       | -                        | -                                | -            | -              | -                                   |
| Intangible Assets                        |        | 115 446         | (601 446)                        | (486 000)               | -                        | -                                | (486 000)    | 306 393        | -163.04%                            |
| Other Non-Current Assets                 |        | -               | -                                | -                       | -                        | -                                | -            | -              | -                                   |
| Total Non-Current Assets                 | 44.2.2 | 153 878 884     | 19 161 461                       | 173 040 345             | -                        | -                                | 173 040 345  | 175 570 848    | 1.46%                               |
| TOTAL ASSETS                             |        | 160 518 415     | (33 745 060)                     | 126 773 355             | -                        | -                                | 126 773 355  | 183 432 177    | 44.69%                              |
| LIABILITIES                              |        |                 |                                  |                         |                          |                                  |              |                |                                     |
| Current Liabilities                      |        |                 |                                  |                         |                          |                                  |              |                |                                     |
| Bank Overdraft                           |        | -               | -                                | -                       | -                        | -                                | -            | -              | -                                   |
| Borrowing                                |        | -               | -                                | -                       | -                        | -                                | -            | 704 331        | 100.00%                             |
| Consumer Deposits                        |        | 815 048         | -                                | 815 048                 | -                        | -                                | 815 048      | 862 497        | 5.82%                               |
| Trade and Other Payables                 |        | 2 644 160       | 3 015 914                        | 5 660 074               | -                        | -                                | 5 660 074    | 4 876 410      | -13.85%                             |
| Provisions                               |        | 617 339         | 639 919                          | 1 257 258               | -                        | -                                | 1 257 258    | 2 054 180      | 63.39%                              |
| Total Current Liabilities                | 44.2.3 | 4 076 547       | 3 655 833                        | 7 732 380               | -                        | -                                | 7 732 380    | 8 497 418      | 9.89%                               |
| Non-Current Liabilities                  |        |                 |                                  |                         |                          |                                  |              |                |                                     |
| Borrowing                                |        | 963 286         | -                                | 963 286                 | -                        | -                                | 963 286      | 296 231        | -69.25%                             |
| Provisions                               |        | 6 937 965       | 1 186 865                        | 8 124 830               | -                        | -                                | 8 124 830    | 14 040 215     | 72.81%                              |
| Total Non-Current Liabilities            | 44.2.4 | 7 901 251       | 1 186 865                        | 9 088 116               | -                        | -                                | 9 088 116    | 14 336 445     | 57.75%                              |
| TOTAL LIABILITIES                        |        | 11 977 798      | 4 842 698                        | 16 820 496              | -                        | -                                | 16 820 496   | 22 833 863     | 35.75%                              |
| NET ASSETS                               |        |                 |                                  |                         |                          |                                  |              |                |                                     |
| Accumulated Surplus/(Deficit)            |        | 146 619 521     | (38 239 895)                     | 108 379 626             | -                        | -                                | 108 379 626  | 158 472 810    | 46.22%                              |
| Reserves                                 |        | 1 921 096       | (347 863)                        | 1 573 233               | -                        | -                                | 1 573 233    | 2 125 503      | 35.10%                              |
| Minorities' Interests                    |        | -               | -                                | -                       | -                        | -                                | -            | -              | -                                   |
| TOTAL NET ASSETS                         | 44.2.5 | 148 540 617     | (38 587 758)                     | 109 952 859             | -                        | -                                | 109 952 859  | 160 598 313    | 46.06%                              |

**RICHTERSVELD MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**

|   | Notes  | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final Adjustment Budget | Shifting of Funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved by-law) | Final Budget | Actual Outcome | Actual Outcome as % of Final Budget |
|---|--------|-----------------|---|-------------------------|--|---|--------------|----------------|-------------------------------------|
|   |        | R               | R   | R                       | R  | R   | R            | 2015 R         | %                                   |
| REVENUE   |        |                 |   |                         |  |   |              |                |                                     |
| Property Rates  |        | 8 823 929       | (130 606)   | 8 693 323               | -  | -   | 8 693 323    | 8 206 487      | -5.60%                              |
| Property Rates - Penalties & Collection Charges               |        | 856 941         | 157 729   | 1 014 670               | -  | -   | 1 014 670    | 982 887        | -3.13%                              |
| Service Charges - Electricity Revenue                         |        | 8 741 201       | 1 488 156   | 10 229 357              | -  | -   | 10 229 357   | 8 744 256      | -14.52%                             |
| Service Charges - Water Revenue                               |        | 5 695 745       | (544 243)   | 5 151 502               | -  | -   | 5 151 502    | 5 945 644      | 15.42%                              |
| Service Charges - Sanitation Revenue                          |        | 2 032 066       | 976 742   | 3 008 808               | -  | -   | 3 008 808    | 2 662 265      | -11.52%                             |
| Service Charges - Refuse Revenue                              |        | 3 045 339       | 338 025   | 3 383 364               | -  | -   | 3 383 364    | 3 062 925      | -9.47%                              |
| Service Charges - Other Revenue                               |        | -               | -   | -                       | -  | -   | -            | -              | -                                   |
| Rental of Facilities and Equipment                            |        | 2 209 214       | (21 500)  | 2 187 714               | -  | -   | 2 187 714    | 1 785 275      | -18.40%                             |
| Interest Earned - External Investments                        |        | 373 573         | 3 214   | 376 787                 | -  | -   | 376 787      | 325 454        | -13.62%                             |
| Interest Earned - Outstanding Debtors                         |        | 1 710 150       | 565 150   | 2 275 300               | -  | -   | 2 275 300    | 1 840 208      | -19.12%                             |
| Dividends Received  |        | -               | -   | -                       | -  | -   | -            | -              | -                                   |
| Fines   |        | 10 568          | (4 108)   | 6 460                   | -  | -   | 6 460        | 9 419          | 45.80%                              |
| Licences and Permits  |        | 22 898          | 27 658  | 50 556                  | -  | -   | 50 556       | 65 293         | 29.15%                              |
| Agency Services   |        | 395 001         | (13 797)  | 381 204                 | -  | -   | 381 204      | 364 532        | -4.37%                              |
| Transfers Recognised - Operational                            |        | 17 347 008      | 2 110 175   | 19 457 183              | -  | -   | 19 457 183   | 20 680 644     | 6.29%                               |
| Other Revenue   |        | 1 555 157       | 57 345  | 1 612 502               | -  | -   | 1 612 502    | 1 971 567      | 22.27%                              |
| Gains on Disposal of PPE                                      |        | 2 849 197       | (2 049 197)   | 800 000                 | -  | -   | 800 000      | (47 201)       | -105.90%                            |
| Total Revenue (excluding capital transfers and contributions) | 44.2.6 | 55 667 987      | 2 960 743   | 58 628 730              | -  | -   | 58 628 730   | 56 599 655     | -3.46%                              |
| EXPENDITURE   |        |                 |   |                         |  |   |              |                |                                     |
| Employee Related Costs  |        | 18 379 387      | (700 422)   | 17 678 965              | -  | -   | 17 678 965   | 18 009 379     | 1.87%                               |
| Remuneration of Councillors                                   |        | 2 402 232       | 85 070  | 2 487 302               | -  | -   | 2 487 302    | 1 980 471      | -20.38%                             |
| Debt Impairment   |        | 528 000         | 5 052 000   | 5 580 000               | -  | -   | 5 580 000    | 4 228 980      | -24.21%                             |
| Depreciation and Asset Impairment                             |        | 4 017 525       | 247 731   | 4 265 256               | -  | -   | 4 265 256    | 4 795 697      | 12.44%                              |
| Finance Charges   |        | 675 132         | 178 642   | 853 774                 | -  | -   | 853 774      | 1 119 790      | 31.16%                              |
| Bulk Purchases  |        | 10 650 051      | 115 449   | 10 765 500              | -  | -   | 10 765 500   | 10 421 122     | -3.20%                              |
| Other Materials   |        | -               | -   | -                       | -  | -   | -            | -              | -                                   |
| Contracted Services   |        | 632 704         | (309 710)   | 322 994                 | -  | -   | 322 994      | 77 542         | -75.99%                             |
| Transfers and Grants  |        | 5 295 662       | (2 227 162)   | 3 068 500               | -  | -   | 3 068 500    | -              | -100.00%                            |
| Other Expenditure   |        | 31 563 252      | (16 428 813)  | 15 134 439              | -  | -   | 15 134 439   | 16 091 446     | 6.32%                               |
| Loss on Disposal of PPE                                       |        | -               | -   | -                       | -  | -   | -            | -              | -                                   |
| Total Expenditure   | 44.2.7 | 74 143 945      | (13 987 215)  | 60 156 730              | -  | -   | 60 156 730   | 56 724 427     | -5.71%                              |
| Surplus/(Deficit)   |        | (18 475 958)    | 16 947 958  | (1 528 000)             | -  | -   | (1 528 000)  | (124 771)      | -91.83%                             |
| Transfers Recognised - Capital                                |        | 18 511 000      | (16 983 000)  | 1 528 000               | -  | -   | 1 528 000    | 8 655 456      | 466.46%                             |
| Contributions Recognised - Capital                            |        | -               | -   | -                       | -  | -   | -            | 968 655        | 100.00%                             |
| Contributed Assets  |        | -               | -   | -                       | -  | -   | -            | -              | -                                   |
| Surplus/(Deficit) after Capital Transfers & Contributions     |        | 35 042          | (35 042)  | -                       | -  | -   | -            | 9 499 340      |                                     |
| Taxation  |        | -               | -   | -                       | -  | -   | -            | -              | -                                   |
| Surplus/(Deficit) after Taxation                              |        | 35 042          | (35 042)  | -                       | -  | -   | -            | 9 499 340      |                                     |
| Attributable to Minorities                                    |        | -               | -   | -                       | -  | -   | -            | -              | -                                   |
| Surplus/(Deficit) Attributable to Municipality                |        | 35 042          | (35 042)  | -                       | -  | -   | -            | 9 499 340      |                                     |
| Share of Surplus/(Deficit) of Associate                       |        | -               | -   | -                       | -  | -   | -            | -              | -                                   |
| Surplus/(Deficit) for the year                                |        | 35 042          | (35 042)  | -                       | -  | -   | -            | 9 499 340      |                                     |

**RICHTERSVELD MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

| Notes  | Original Budget | Budget Adjustments<br>(i.t.o. s28 and s31 of the MFMA) | Final Adjustment Budget | Shifting of Funds<br>(i.t.o. s31 of the MFMA) | Virement<br>(i.t.o. Council approved by-law) | Final Budget        | Actual Outcome<br>2015 | Actual Outcome as % of Final Budget |
|--|-----------------|--|-------------------------|---|--|---------------------|------------------------|-------------------------------------|
|  | R               | R  | R                       | R   | R  | R                   | R                      | %                                   |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>           |                 |  |                         |   |  |                     |                        |                                     |
| <b>Receipts</b>                                      |                 |  |                         |   |  |                     |                        |                                     |
| Ratepayers and other                                 | 37 704 000      | 8 860 020  | 46 564 020              |   |  | 46 564 020          | 25 532 520             | -45.17%                             |
| Government - Operating                               | 18 875 000      | (9 354 750)  | 9 520 250               |   |  | 9 520 250           | 18 087 949             | 89.99%                              |
| Government - Capital                                 | 16 983 000      | (16 983 000)   | -                       |   |  | -                   | 12 591 773             | 100.00%                             |
| Interest   | 2 078 000       | (2 078 000)  | -                       |   |  | -                   | 2 165 662              |                                     |
| Dividends  | -               | -  | -                       |   |  | -                   |                        |                                     |
| <b>Payments</b>                                      |                 |  |                         |   |  |                     |                        |                                     |
| Suppliers and Employees                              | (41 014 395)    | (13 258 805)   | (54 273 200)            | -   | -  | (54 273 200)        | (49 705 062)           | -8.42%                              |
| Finance Charges                                      | (610 000)       | 610 000  | -                       | -   | -  | -                   | (190 162)              | 100.00%                             |
| Transfers and Grants                                 | (26 088 000)    | 10 189 058   | (15 898 942)            | -   | -  | (15 898 942)        |                        | -100.00%                            |
| <b>Net Cash from/(used) Operating Activities</b>     | <b>44.2.8</b>   | <b>7 927 605</b>                                       | <b>(22 015 477)</b>     | <b>(14 087 872)</b>                           | <b>-</b>                                     | <b>(14 087 872)</b> | <b>8 482 680</b>       | <b>-160.21%</b>                     |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>           |                 |  |                         |   |  |                     |                        |                                     |
| <b>Receipts</b>                                      |                 |  |                         |   |  |                     |                        |                                     |
| Proceeds on disposal of PPE                          | -               | -  | -                       | -   | -  | -                   | -                      |                                     |
| Decrease/(Increase) in Non-Current Debtors           | -               | -  | -                       | -   | -  | -                   | -                      |                                     |
| Decrease/(Increase) in Other Non-Current Receivables | -               | -  | -                       | -   | -  | -                   | 10 814                 | 100.00%                             |
| Decrease/(Increase) in Non-Current Investments       | -               | -  | -                       | -   | -  | -                   | -                      |                                     |
| <b>Payments</b>                                      |                 |  |                         |   |  |                     |                        |                                     |
| Capital Assets                                       | (107 000)       | (340 638)  | (447 638)               | -   | -  | (447 638)           | (10 325 463)           | 2206.65%                            |
| <b>Net Cash from/(used) Investing Activities</b>     | <b>44.2.9</b>   | <b>(107 000)</b>                                       | <b>(340 638)</b>        | <b>(447 638)</b>                              | <b>-</b>                                     | <b>(447 638)</b>    | <b>(10 314 649)</b>    | <b>2204.24%</b>                     |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>           |                 |  |                         |   |  |                     |                        |                                     |
| <b>Receipts</b>                                      |                 |  |                         |   |  |                     |                        |                                     |
| Short Term Loans                                     | -               | -  | -                       | -   | -  | -                   | -                      |                                     |
| Borrowing long term/refinancing                      | -               | -  | -                       | -   | -  | -                   | -                      |                                     |
| Increase/(Decrease) in Consumer Deposits             | 293 000         | (293 000)  | -                       | -   | -  | -                   | 42 520                 | 100.00%                             |
| <b>Payments</b>                                      |                 |  |                         |   |  |                     |                        |                                     |
| Repayment of Borrowing                               | (1 213 000)     | 22 000   | (1 191 000)             | -   | -  | (1 191 000)         | (1 145 912)            | -3.79%                              |
| <b>Net Cash from/(used) Financing Activities</b>     | <b>44.2.10</b>  | <b>(920 000)</b>                                       | <b>(271 000)</b>        | <b>(1 191 000)</b>                            | <b>-</b>                                     | <b>(1 191 000)</b>  | <b>(1 103 392)</b>     | <b>-7.36%</b>                       |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>          |                 |  |                         |   |  |                     |                        |                                     |
| Cash and Cash Equivalents at the year begin:         | 6 900 605       | (22 627 115)   | (15 726 510)            | -   | -  | (15 726 510)        | (2 935 362)            | -81.33%                             |
|  | (3 775 000)     | 24 601 000   | 20 826 000              | -   | -  | 20 826 000          | 6 577 042              | -68.42%                             |
| Cash and Cash Equivalents at the year end:           | 3 125 605       | 1 973 885  | 5 099 490               | -   | -  | 5 099 490           | 3 641 680              | -28.59%                             |

## **INSERT ACCOUNTING POLICY**

Word Document

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  | 2015<br>R        | 2014<br>R        |
|--|------------------|------------------|
| <b>2. NET ASSET RESERVES</b>                   |                  |                  |
| RESERVES                                       | 2 125 503        | 1 636 940        |
| Capital Replacement Reserve                    | 1 537 401        | 1 003 233        |
| Housing Development Fund                       | 588 102          | 633 707          |
| <b>Total Net Asset Reserve and Liabilities</b> | <b>2 125 503</b> | <b>1 636 940</b> |

2.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

2.2 The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

**3. LONG TERM LIABILITIES**

|   |                  |                    |
|---|------------------|--------------------|
| Annuity Loans - At amortised cost   | 364 462          | 1 041 149          |
| Capitalised Lease Liability - At amortised cost   | 640 569          | 1 097 692          |
|   | <b>1 005 030</b> | <b>2 138 841</b>   |
| <b>Less:</b> Current Portion transferred to Current Liabilities                                 | <b>(704 331)</b> | <b>(1 141 407)</b> |
| Annuity Loans - At amortised cost   | (364 462)        | (676 468)          |
| Capitalised Lease Liability - At amortised cost   | (339 869)        | (464 939)          |
|   | <b>300 699</b>   | <b>997 434</b>     |
| <b>Plus:</b> Unamortised charges on loans   | <b>(4 469)</b>   | <b>(33 600)</b>    |
| Balance 1 July  | (33 600)         | (93 933)           |
| Adjustment for the period   | 29 131           | 60 333             |
| <b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b> | <b>296 231</b>   | <b>963 834</b>     |

3.1 The obligations under finance leases are scheduled below

|   | Minimum payments |                  |
|---|------------------|------------------|
| Amounts payable under finance leases:             |                  |                  |
| Payable within one year                           | 409 082          | 572 854          |
| Payable within two to five years                  | 310 309          | 710 054          |
| Payable after five years                          | -                | -                |
|   | <b>719 390</b>   | <b>1 282 908</b> |
| <b>Less:</b> Future finance obligations           | <b>(78 822)</b>  | <b>(185 215)</b> |
| <b>Present value of finance lease obligations</b> | <b>640 568</b>   | <b>1 097 693</b> |

The capitalised lease liability consist out of the following contracts:

| Supplier          | Description of leased item | Effective Interest rate | Annual Escalation | Lease Term | Maturity Date |
|-------------------|----------------------------|-------------------------|-------------------|------------|---------------|
| Nashua            | Copiers                    | 7% - 35%                | 0%                | 5 Years    | 30/04/2017    |
| Nashua Mobile     | 3G Dongles                 | 9%                      | 0%                | 2 Years    | 30/09/2014    |
| MTN               | Samsung Tablets            | 9%                      | 0%                | 2 Years    | 30/09/2014    |
| Wesbank Corporate | Vehicles                   | 10% - 13%               | 0%                | 5 Years    | 31/03/2017    |

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 1:

**4. NON-CURRENT PROVISIONS**

|  |                   |                   |
|--|-------------------|-------------------|
| Provision for Rehabilitation of Landfill-sites | 11 501 923        | 10 846 320        |
| <b>Total Non-current Provisions</b>            | <b>11 501 923</b> | <b>10 846 320</b> |

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  | 2015<br>R         | 2014<br>R         |
|--|-------------------|-------------------|
| <b>4.1 Landfill Sites</b>                                      |                   |                   |
| Balance 1 July   | 10 846 320        | 5 943 427         |
| Contribution for the year                                      | 655 603           | 361 429           |
| Change in Provision for Rehabilitation Cost                    | -                 | 80 393            |
| Correction of Error - Note 38.1                                | -                 | 4 461 072         |
| <b>Total provision 30 June</b>                                 | <b>11 501 923</b> | <b>10 846 320</b> |
| <b>Less:</b> Transfer of Current Portion to Current Provisions | -                 | -                 |
| <b>Balance 30 June</b>   | <b>11 501 923</b> | <b>10 846 320</b> |

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

|   | Sanddrift | Port Nolloth | Kuboes  | Eksteensfontein | Lekkersing 1 | Lekkersing 2 |
|---|-----------|--------------|---------|-----------------|--------------|--------------|
| Area (m <sup>2</sup> )                  | 18 000    | 151 200      | 10 500  | 19 200          | 8 000        | 10 450       |
| Rehabilitation volume (m <sup>3</sup> ) | 2 396     | 5 670        | 630     | 120             | 80           | 1 155        |
| Fence (m)                               | 540       | 100          | 670     | 120             | 360          | 100          |
| Cost of fence (Rand)                    | 297 000   | 58 000       | 388 600 | 69 600          | 208 800      | 58 000       |
| Site Clearance (Rand)                   | 136 586   | 340 200      | 35 910  | 6 840           | 4 560        | 65 835       |
| Excavation cost (Rand)                  | 451 325   | 657 875      | 67 250  | 38 000          | 27 200       | 158 600      |
| Filling (Rand)                          | 504 000   | 4 233 600    | 294 000 | 537 600         | 224 000      | 292 600      |
| Preliminary and general (Rand)          | 208 337   | 796 451      | 117 864 | 97 806          | 69 684       | 86 255       |
| Fees and expenses (Rand)                | 159 725   | 608 313      | 90 362  | 74 985          | 53 424       | 66 129       |

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

|                 | Estimated<br>decommission<br>date | R                 | R                 |
|-----------------|-----------------------------------|-------------------|-------------------|
| <b>Location</b> |                                   |                   |                   |
| Port Nolloth    | 2030                              | 16 036 422        | 16 036 422        |
| Kuboes          | 2020                              | 1 254 885         | 1 254 885         |
| Eksteensfontein | 2035                              | 2 495 607         | 2 495 607         |
| Lekkersing 1    | 2030                              | 1 328 662         | 1 328 662         |
| Lekkersing 2    | 2020                              | 918 350           | 918 350           |
| Sanddrift       | 2025                              | 2 218 138         | 2 218 138         |
|                 |                                   | <b>24 252 063</b> | <b>24 252 063</b> |

**5. NON-CURRENT EMPLOYEE BENEFITS**

|  |                  |                  |
|--|------------------|------------------|
| Provision for Post Retirement Health Care Benefits | 1 596 594        | 2 360 130        |
| Provision for Long Service Awards                  | 941 698          | 826 877          |
| <b>Total Non-current Employee Benefits</b>         | <b>2 538 292</b> | <b>3 187 007</b> |

**Post Retirement Health Care Benefits**

|                           |           |           |
|---------------------------|-----------|-----------|
| Balance 1 July            | 2 500 626 | 2 406 527 |
| Contribution for the year | 243 512   | 234 773   |
| Expenditure for the year  | (145 270) | (134 518) |
| Actuarial Loss/(Gain)     | (852 226) | (6 156)   |

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| <b>Total provision 30 June</b> | <b>1 746 642</b> | <b>2 500 626</b> |
|--------------------------------|------------------|------------------|

|   |           |           |
|---|-----------|-----------|
| <b>Less:</b> Transfer of Current Portion to Current Provisions - Note 7 | (150 048) | (140 496) |
|---|-----------|-----------|

|                        |                  |                  |
|------------------------|------------------|------------------|
| <b>Balance 30 June</b> | <b>1 596 594</b> | <b>2 360 130</b> |
|------------------------|------------------|------------------|

**Long Service Awards**

|                           |           |          |
|---------------------------|-----------|----------|
| Balance 1 July            | 1 048 587 | 939 948  |
| Contribution for the year | 159 678   | 150 504  |
| Expenditure for the year  | (90 785)  | (62 343) |
| Actuarial Loss/(Gain)     | (88 260)  | 20 478   |

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| <b>Total provision 30 June</b> | <b>1 029 220</b> | <b>1 048 587</b> |
|--------------------------------|------------------|------------------|

|   |          |           |
|---|----------|-----------|
| <b>Less:</b> Transfer of Current Portion to Current Provisions - Note 7 | (87 522) | (221 710) |
|---|----------|-----------|

|                        |                |                |
|------------------------|----------------|----------------|
| <b>Balance 30 June</b> | <b>941 698</b> | <b>826 877</b> |
|------------------------|----------------|----------------|

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

5.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

|   |          |          |
|---|----------|----------|
| In-service (employee) members                         | -        | 1        |
| Continuation members (e.g. Retirees, widows, orphans) | 3        | 3        |
| <b>Total Members</b>                                  | <b>3</b> | <b>4</b> |

The liability in respect of past service has been estimated to be as follows:

|                        |                  |                  |
|------------------------|------------------|------------------|
| In-service members     | -                | 768 995          |
| Continuation members   | 1 746 642        | 1 731 631        |
| <b>Total Liability</b> | <b>1 746 642</b> | <b>2 500 626</b> |

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

|                        | 2013<br>R        | 2012<br>R        | 2011<br>R        |
|------------------------|------------------|------------------|------------------|
| In-service members     | 755 434          | 973 461          | 827 722          |
| Continuation members   | 1 651 093        | 1 564 538        | 1 435 756        |
| <b>Total Liability</b> | <b>2 406 527</b> | <b>2 537 999</b> | <b>2 263 478</b> |

The municipality makes monthly contributions for health care arrangements to the following medical aid scheme:

LA Health

The Current-service Cost for the ensuing year is estimated to be R0, whereas the Interest Cost for the next year is estimated to be R136 611.

| Key actuarial assumptions used: | 2015<br>% | 2014<br>% |
|---------------------------------|-----------|-----------|
| <b>i) Rate of interest</b>      |           |           |
| Discount rate                   | 8.17%     | 8.27%     |
| Health Care Cost Inflation Rate | 7.47%     | 7.71%     |
| Net Effective Discount Rate     | 0.65%     | 0.53%     |

**ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

**iii) Normal retirement age**

The normal retirement age for employees of the municipality is 65 years (males) and 60 years (females).

|  | 2015<br>R        | 2014<br>R        |
|--|------------------|------------------|
| <b>The amounts recognised in the Statement of Financial Position are as follows:</b> |                  |                  |
| Present value of fund obligations  | 1 746 642        | 2 500 626        |
| Fair value of plan assets  | -                | -                |
|  | <b>1 746 642</b> | <b>2 500 626</b> |
| Unrecognised past service cost   | -                | -                |
| Unrecognised actuarial gains/(losses)  | -                | -                |
| Present Value of unfunded obligations  | -                | -                |
| <b>Net liability/(asset)</b>   | <b>1 746 642</b> | <b>2 500 626</b> |

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|   | 2015<br>R | 2014<br>R |
|---|-----------|-----------|
| <b>Reconciliation of present value of fund obligation:</b>    |           |           |
| Present value of fund obligation at the beginning of the year | 2 500 626 | 2 406 527 |
| Total expenses  | 98 242    | 100 255   |
| Current service cost  | 42 350    | 42 328    |
| Interest Cost   | 201 162   | 192 445   |
| Benefits Paid   | (145 270) | (134 518) |
| Actuarial (gains)/losses                                      | (852 226) | (6 156)   |
| Present value of fund obligation at the end of the year       | 1 746 642 | 2 500 626 |

**Reconciliation of fair value of plan assets:**

|  |   |   |
|--|---|---|
| Fair value of plan assets at the beginning of the year | - | - |
| Expected return on plan assets                         | - | - |
| Contributions: Employer                                | - | - |
| Contributions: Employee                                | - | - |
| Past Service Costs                                     | - | - |
| Actuarial (gains)/losses                               | - | - |
| Benefits Paid  | - | - |
| Fair value of plan assets at the end of the year       | - | - |

**Sensitivity Analysis on the Accrued Liability on 30 June 2015**

|                     | In-service<br>members<br>liability (Rm) | Continuation<br>members<br>liability (Rm) | Total liability<br>(Rm) |
|---------------------|---|---|-------------------------|
| <b>Assumption</b>   |   |   |                         |
| Central Assumptions | -                                       | 1.747                                     | 1.747                   |

The effect of movements in the assumptions are as follows:

|                           | Change  | In-service<br>members<br>liability (Rm) | Continuation<br>members<br>liability (Rm) | Total liability<br>(Rm) | % change |
|---------------------------|---------|---|---|-------------------------|----------|
| <b>Assumption</b>         |         |   |   |                         |          |
| Health care inflation     | 1%      | -                                       | 1.888                                     | 1.888                   | 8%       |
| Health care inflation     | -1%     | -                                       | 1.621                                     | 1.621                   | -7%      |
| Post-retirement mortality | -1 year | -                                       | 1.830                                     | 1.830                   | 5%       |
| Average retirement age    | -1 year | -                                       | -   | -                       | -        |
| Withdrawal Rate           | -10%    | -                                       | -   | -                       | -        |

**Sensitivity Analysis on the Current Service Cost and Interest Cost for the year ending 30 June 2015**

|                           | Change  | Current<br>Service Cost<br>(R) | Interest Cost<br>(R) | Total (R) | % change |
|---------------------------|---------|--------------------------------|----------------------|-----------|----------|
| <b>Assumption</b>         |         |                                |                      |           |          |
| Central Assumption        |         | -                              | 136 600              | 136 600   |          |
| Health care inflation     | 1%      | -                              | 148 100              | 148 100   | 8%       |
| Health care inflation     | -1%     | -                              | 126 300              | 126 300   | -8%      |
| Discount rate             | 1%      | -                              | 142 000              | 142 000   | 4%       |
| Discount rate             | -1%     | -                              | 130 000              | 130 000   | -5%      |
| Post-retirement mortality | -1 year | -                              | 143 400              | 143 400   | 5%       |

|   | 2015<br>Rm | 2014<br>Rm |
|---|------------|------------|
| Experience adjustments were calculated as follows |            |            |
| Liabilities: (Gain) / loss                        | (0.852)    | (0.006)    |
| Assets: Gain / (loss)                             | -          | -          |



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

|                            | 2013<br>Rm | 2012<br>Rm | 2011<br>Rm |
|----------------------------|------------|------------|------------|
| Liabilities: (Gain) / loss | 0.140      | 0.005      | (0.086)    |
| Assets: Gain / (loss)      | -          | -          | -          |

**5.2 Provision for Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans. As at year end, 108 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R98 918 whereas the Interest Cost for the next year is estimated to be R78 529.

|  | 2015<br>% | 2014<br>% |
|--|-----------|-----------|
| Key actuarial assumptions used:  |           |           |
| <b>i) Rate of interest</b>   |           |           |
| Discount rate  | 7.96%     | 7.75%     |
| General Salary Inflation (long-term)                                       | 7.05%     | 6.98%     |
| Net Effective Discount Rate applied to salary-related Long Service Bonuses | 0.85%     | 0.72%     |

|  | 2015<br>R               | 2014<br>R               |
|--|-------------------------|-------------------------|
| <b>The amounts recognised in the Statement of Financial Position are as follows:</b> |                         |                         |
| Present value of fund obligations  | 1 029 220               | 1 048 587               |
| Fair value of plan assets  | -                       | -                       |
|  | <u>1 029 220</u>        | <u>1 048 587</u>        |
| Unrecognised past service cost   | -                       | -                       |
| Unrecognised actuarial gains/(losses)  | -                       | -                       |
| Present value of unfunded obligations  | -                       | -                       |
| <b>Net liability/(asset)</b>   | <u><u>1 029 220</u></u> | <u><u>1 048 587</u></u> |

**Reconciliation of present value of fund obligation:**

|   |                         |                         |
|---|-------------------------|-------------------------|
| Present value of fund obligation at the beginning of the year | 1 048 587               | 939 948                 |
| Total expenses  | 68 893                  | 88 161                  |
| Current service cost  | 86 815                  | 85 956                  |
| Interest Cost   | 72 863                  | 64 548                  |
| Benefits Paid   | (90 785)                | (62 343)                |
| Actuarial (gains)/losses                                      | (88 260)                | 20 478                  |
| Present value of fund obligation at the end of the year       | <u><u>1 029 220</u></u> | <u><u>1 048 587</u></u> |

**Reconciliation of fair value of plan assets:**

|  |                 |                 |
|--|-----------------|-----------------|
| Fair value of plan assets at the beginning of the year | -               | -               |
| Expected return on plan assets                         | -               | -               |
| Contribution: Employer                                 | -               | -               |
| Contribution: Employee                                 | -               | -               |
| Past service costs                                     | -               | -               |
| Actuarial (gains)/losses                               | -               | -               |
| Benefits paid  | -               | -               |
| Fair value of plan assets at the end of the year       | <u><u>-</u></u> | <u><u>-</u></u> |

**Sensitivity Analysis on the Unfunded Accrued Liability on 30 June 2015**

| Assumption               | Change | Liability (Rm) | % change |
|--------------------------|--------|----------------|----------|
| Central assumptions      |        | 1.029          |          |
| General salary inflation | 1%     | 1.094          | 6%       |
| General salary inflation | -1%    | 0.971          | -6%      |
| Average retirement age   | -2 yrs | 0.915          | -11%     |
| Average retirement age   | 2 yrs  | 1.160          | 13%      |
| Withdrawal rates         | -50%   | 1.197          | 16%      |

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Sensitivity Analysis on the Current Service Cost and Interest Cost for the year ending 30 June 2016

| Assumption               | Change  | Current Service Cost (R) | Interest Cost (R) | Total (R) | % change |
|--------------------------|---------|--------------------------|-------------------|-----------|----------|
| Central Assumption       |         | 98 900                   | 78 500            | 177 400   |          |
| General salary inflation | 1%      | 107 000                  | 83 600            | 190 600   | 7%       |
| General salary inflation | -1%     | 91 700                   | 73 900            | 165 600   | -7%      |
| Discount Rate            | 1%      | 92 300                   | 82 900            | 175 200   | -1%      |
| Discount Rate            | -1%     | 106 400                  | 73 400            | 179 800   | 1%       |
| Average retirement age   | -2 yrs  | 87 600                   | 69 400            | 157 000   | -11%     |
| Average retirement age   | 2 yrs   | 108 800                  | 88 900            | 197 700   | 11%      |
| Withdrawal rates         | -1 year | 126 300                  | 91 900            | 218 200   | 23%      |

|   | 2015 Rm | 2014 Rm |
|---|---------|---------|
| Experience adjustments were calculated as follows |         |         |
| Liabilities: (Gain) / loss                        | (0.088) | 0.020   |
| Assets: Gain / (loss)                             | -       | -       |

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

|                            | 2013 Rm | 2012 Rm | 2011 Rm |
|----------------------------|---------|---------|---------|
| Liabilities: (Gain) / loss | 0.053   | 0.042   | (0.024) |
| Assets: Gain / (loss)      | -       | -       | -       |

5.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

|  | 2015 R  | 2014 R  |
|--|---------|---------|
| <b><u>CAPE JOINT RETIREMENT FUND</u></b>   |         |         |
| The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 105,1% (30 June 2012 - 108,0%). |         |         |
| Contributions paid recognised in the Statement of Financial Performance  | 443 112 | 310 145 |

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  | 2015<br>R               | 2014<br>R               |
|--|-------------------------|-------------------------|
| <b><u>DEFINED CONTRIBUTION FUNDS</u></b>   |                         |                         |
| Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs. |                         |                         |
| Contributions paid recognised in the Statement of Financial Performance  |                         |                         |
| SAMWU National Provident Fund  | 1 327 163               | 1 325 866               |
|  | <u>1 327 163</u>        | <u>1 325 866</u>        |
| <b>6. CONSUMER DEPOSITS</b>  |                         |                         |
| Water and Electricity  | 862 497                 | 819 977                 |
| <b>Total Consumer Deposits</b>   | <u><b>862 497</b></u>   | <u><b>819 977</b></u>   |
| The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.   |                         |                         |
| <b>7. CURRENT EMPLOYEE BENEFITS</b>  |                         |                         |
| Staff Bonuses  | 518 859                 | 523 060                 |
| Staff Leave  | 1 297 751               | 1 247 601               |
| Current Portion of Non-Current Provisions  | 237 570                 | 362 206                 |
| Current Portion of Post Retirement Benefits - Note 5   | 150 048                 | 140 496                 |
| Current Portion of Long-Service Provisions - Note 5  | 87 522                  | 221 710                 |
| <b>Total Provisions</b>  | <u><b>2 054 180</b></u> | <u><b>2 132 867</b></u> |
| The movement in current provisions are reconciled as follows:  |                         |                         |
| <b>7.1 <u>Staff Bonuses</u></b>  |                         |                         |
| Balance at beginning of year   | 523 060                 | 501 873                 |
| Contribution to current portion  | 990 181                 | 846 502                 |
| Expenditure incurred   | (994 382)               | (825 315)               |
| Balance at end of year   | <u><b>518 859</b></u>   | <u><b>523 060</b></u>   |
| Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.   |                         |                         |
| <b>7.2 <u>Staff Leave</u></b>  |                         |                         |
| Balance at beginning of year   | 1 247 601               | 1 092 349               |
| Contribution to current portion  | 216 378                 | 234 284                 |
| Expenditure incurred   | (166 229)               | (79 032)                |
| Balance at end of year   | <u><b>1 297 751</b></u> | <u><b>1 247 601</b></u> |
| Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.   |                         |                         |
| <b>8. PAYABLES FROM EXCHANGE TRANSACTIONS</b>  |                         |                         |
| Trade Payables   | 2 926 679               | 4 680 049               |
| Payments received in advance   | 542 938                 | 442 488                 |
| Retentions   | 754 289                 | 605 735                 |
| Other Creditors  | 63 156                  | 5 231                   |
| Deposits: Other  | 299 801                 | 267 738                 |
| Correction of Error - Note 38.3  | -                       | 1 765 867               |
| <b>Total Trade Payables</b>  | <u><b>4 586 863</b></u> | <u><b>7 767 109</b></u> |

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall, Building Rubble and Housing Deposits.

|  | 2015<br>R          | 2014<br>R          |
|--|--------------------|--------------------|
| <b>9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>   |                    |                    |
| Unspent Grants   | 289 547            | 1 047 453          |
| National Government Grants   | 161 351            | 420 818            |
| Provincial Government Grants   | 128 139            | 2 457 627          |
| District Municipality  | 58                 | -                  |
| Other Sources  | -                  | 698                |
| Correction of Error - Note 38.2  | -                  | (1 831 690)        |
| <b>Less:</b> Unpaid Grants   | -                  | (2 101 527)        |
| National Government Grants   | -                  | (1 091 527)        |
| Provincial Government Grants   | -                  | -                  |
| District Municipality  | -                  | -                  |
| Other Sources  | -                  | -                  |
| Correction of Error - Note 38.4  | -                  | (1 010 000)        |
| <b>Total Conditional Grants and Receipts</b>   | <b>289 547</b>     | <b>(1 054 074)</b> |
| See appendix "D" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. |                    |                    |
| Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.   |                    |                    |
| <b>10. TAXES</b>   |                    |                    |
| <b>10.1 VAT Payable</b>  |                    |                    |
| VAT output in suspense   | (1 996 177)        | (1 263 824)        |
| <b>Total VAT Payable</b>   | <b>(1 996 177)</b> | <b>(1 263 824)</b> |
| <b>10.2 VAT Receivable</b>   |                    |                    |
| VAT input in suspense  | 500 992            | 279 008            |
| Correction of Error - Note 38.4  | 1 531 693          | 1 241 393          |
|  | -                  | (80 522)           |
| <b>Total VAT Receivable</b>  | <b>2 032 685</b>   | <b>1 439 879</b>   |
| <b>10.3 Net VAT Receivable/(Payable)</b>   | <b>36 508</b>      | <b>176 055</b>     |
| VAT is receivable/payable on the cash basis.   |                    |                    |
| <b>11. SHORT-TERM LOANS</b>  |                    |                    |
| The Municipality has no short term loans.  |                    |                    |

12. PROPERTY, PLANT AND EQUIPMENT

[See attached sheet](#)

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RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  | 2015<br>R                | 2014<br>R               |
|--|--------------------------|-------------------------|
| <b>12.3 Capital under Construction</b>   |                          |                         |
| Balance on 1 July                        | 6 901 574                | 1 426 076               |
| Additions during the year                | 8 223 577                | 5 475 498               |
|  | <u>15 125 151</u>        | <u>6 901 574</u>        |
| Unbundling of Capital under Construction | (2 778 407)              | -                       |
| Balance on 30 June                       | <u><b>12 346 743</b></u> | <u><b>6 901 574</b></u> |

**12.4 Assets pledged as security:**

Leased Property, Plant and Equipment of R908 345 (2014: R1 246 151) is secured for leases as set out in Note 3.

**13. INVESTMENT PROPERTY**

**Net Carrying amount at 1 July**

|                                 | 46 477 708 | 46 481 163  |
|---------------------------------|------------|-------------|
| Cost                            | 46 754 084 | 47 757 784  |
| Correction of Error - Note 38.7 | -          | (1 003 700) |
| Accumulated Depreciation        | (79 415)   | (75 651)    |
| Correction of Error - Note 38.7 | -          | (309)       |
| Accumulated Impairment Loss     | (196 961)  | (196 961)   |
| Depreciation for the year       | (3 454)    | (3 455)     |

**Net Carrying amount at 30 June**

|                             | 46 474 255 | 46 477 708 |
|-----------------------------|------------|------------|
| Cost                        | 46 754 084 | 46 754 084 |
| Accumulated Depreciation    | (82 868)   | (79 415)   |
| Accumulated Impairment Loss | (196 961)  | (196 961)  |

|  |         |         |
|--|---------|---------|
| Revenue derived from the rental of investment property | 188 091 | 176 156 |
|--|---------|---------|

|   |   |   |
|---|---|---|
| Operating expenditure incurred on properties generating revenue | - | - |
|---|---|---|

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

**14. INTANGIBLE ASSETS**

**Net Carrying amount at 1 July**

|                                 | 375 525   | 76 931    |
|---------------------------------|-----------|-----------|
| Cost                            | 942 551   | 558 181   |
| Accumulated Amortisation        | (533 777) | (408 694) |
| Correction of Error - Note 38.8 | -         | (39 307)  |
| Accumulated Impairment Loss     | (33 249)  | (33 249)  |
| Acquisitions                    | 21 097    | 384 371   |
| Amortisation                    | (90 229)  | (77 306)  |
| Correction of Error - Note 38.8 | -         | (8 470)   |

**Net Carrying amount at 30 June**

|                             | 306 393   | 375 525   |
|-----------------------------|-----------|-----------|
| Cost                        | 963 648   | 942 551   |
| Accumulated Amortisation    | (624 007) | (533 777) |
| Accumulated Impairment Loss | (33 249)  | (33 249)  |

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There age no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  | 2015<br>R         | 2014<br>R         |
|--|-------------------|-------------------|
| <b>15. LONG TERM RECEIVABLES</b>   |                   |                   |
| Housing Loans - At amortised cost  | 194 519           | 205 333           |
| <b>Less:</b> Current portion transferred to current receivables  | (12 368)          | (10 814)          |
| <b>Total Long Term Receivables</b>   | <b>182 151</b>    | <b>194 519</b>    |
| <b>16. INVENTORY</b>   |                   |                   |
| Maintenance Materials - At cost  | 118 058           | 143 448           |
| Water - At purification cost   | 11 169            | 5 158             |
| Correction of Error - Note 38.9  | -                 | (32 941)          |
| <b>Total Inventory</b>   | <b>129 227</b>    | <b>115 666</b>    |
| The municipality recognised only purification costs in respect of non-purchased purified water inventory.  |                   |                   |
| Inventory recognise as an expense during the year  |                   |                   |
| Maintenance Materials - At cost  | 58 743            | 137 255           |
|  | <b>58 743</b>     | <b>137 255</b>    |
| Materials written down due to losses as identified during the annual stores counts:  |                   |                   |
| Maintenance Materials - At cost  | 35 776            | 32 941            |
|  | <b>35 776</b>     | <b>32 941</b>     |
| No inventory assets were pledged as security for liabilities.  |                   |                   |
| <b>17. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>  |                   |                   |
| Electricity  | 2 783 204         | 2 130 950         |
| Water  | 12 638 098        | 10 806 862        |
| Housing Rentals  | 223 688           | 223 175           |
| Refuse   | 8 737 143         | 7 922 764         |
| Sewerage   | 7 586 553         | 6 826 622         |
| Other Arrears  | 6 908 551         | 7 086 528         |
| Correction of Error - Note 38.10   | -                 | (568 218)         |
| <b>Total: Receivables from exchange transactions (before provision)</b>  | <b>38 877 237</b> | <b>34 428 685</b> |
| <b>Less:</b> Provision for Debt Impairment   | (35 914 573)      | (33 611 665)      |
| <b>Total: Receivables from exchange transactions (after provision)</b>   | <b>2 962 664</b>  | <b>817 020</b>    |
| Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition. The fair value of receivables approximate their carrying value. |                   |                   |
| <b><u>(Electricity): Ageing</u></b>  |                   |                   |
| Current (0 - 30 days)  | 1 046 940         | 290 250           |
| 31 - 60 Days   | 43 975            | 71 103            |
| 61 - 90 Days   | 54 132            | 56 292            |
| + 90 Days  | 1 638 157         | 1 567 327         |
| <b>Total</b>   | <b>2 783 204</b>  | <b>1 984 971</b>  |
| <b><u>(Water): Ageing</u></b>  |                   |                   |
| Current (0 - 30 days)  | 1 351 916         | 288 095           |
| 31 - 60 Days   | 308 334           | 222 592           |
| 61 - 90 Days   | 239 179           | 220 402           |
| + 90 Days  | 10 738 669        | 9 985 975         |
| <b>Total</b>   | <b>12 638 098</b> | <b>10 717 063</b> |



RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  | 2015<br>R         | 2014<br>R         |
|--|-------------------|-------------------|
| <b><u>(Housing): Ageing</u></b>  |                   |                   |
| Current (0 - 30 days)  | 3 790             | 1 303             |
| 31 - 60 Days   | 1 094             | 1 140             |
| 61 - 90 Days   | 1 094             | 1 140             |
| + 90 Days  | 217 710           | 208 528           |
| <b>Total</b>   | <b>223 688</b>    | <b>212 111</b>    |
| <b><u>(Refuse): Ageing</u></b>   |                   |                   |
| Current (0 - 30 days)  | 621 374           | 184 181           |
| 31 - 60 Days   | 151 855           | 159 538           |
| 61 - 90 Days   | 145 186           | 154 076           |
| + 90 Days  | 7 818 728         | 7 349 187         |
| <b>Total</b>   | <b>8 737 143</b>  | <b>7 846 982</b>  |
| <b><u>(Sewerage): Ageing</u></b>   |                   |                   |
| Current (0 - 30 days)  | 551 842           | 153 082           |
| 31 - 60 Days   | 132 375           | 132 652           |
| 61 - 90 Days   | 120 729           | 126 520           |
| + 90 Days  | 6 781 607         | 6 330 452         |
| <b>Total</b>   | <b>7 586 553</b>  | <b>6 742 706</b>  |
| <b><u>(Other): Ageing</u></b>  |                   |                   |
| Current (0 - 30 days)  | 645 091           | 416 008           |
| 31 - 60 Days   | 81 836            | 34 321            |
| 61 - 90 Days   | 48 381            | 35 366            |
| + 90 Days  | 6 133 243         | 6 439 157         |
| <b>Total</b>   | <b>6 908 551</b>  | <b>6 924 852</b>  |
| <b><u>(Total): Ageing</u></b>  |                   |                   |
| Current (0 - 30 days)  | 4 220 953         | 1 332 920         |
| 31 - 60 Days   | 719 469           | 621 346           |
| 61 - 90 Days   | 608 701           | 593 796           |
| + 90 Days  | 33 328 114        | 31 880 626        |
| <b>Total</b>   | <b>38 877 237</b> | <b>34 428 686</b> |
| <b><u>Reconciliation of Provision for Debt Impairment</u></b>                        |                   |                   |
| Balance at beginning of year   | 33 611 665        | 31 210 426        |
| Contribution to provision  | 3 220 705         | 3 356 641         |
| VAT on provision   | 450 899           | 412 822           |
| Bad Debts written off against provision  | (931 708)         | (1 368 224)       |
| Reversal of provision  | (436 988)         | -                 |
| Balance at end of year   | <b>35 914 573</b> | <b>33 611 665</b> |
| The total amount of this provision is R 35 914 573 and consist of                    |                   |                   |
| Services   | 30 925 129        | 28 532 183        |
| Other Debtors  | 4 989 443         | 5 079 482         |
| <b>Total Provision for Debt Impairment on Receivables from exchange transactions</b> | <b>35 914 573</b> | <b>33 611 665</b> |
| <b><u>Ageing of amounts past due but not impaired:</u></b>                           |                   |                   |
| 1 month past due   | -                 | -                 |
| 2+ months past due   | -                 | -                 |
|  | -                 | -                 |

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

|   | 2015<br>R               | 2014<br>R             |
|---|-------------------------|-----------------------|
| <b>18. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>   |                         |                       |
| Taxes - Rates   | 8 451 174               | 6 669 863             |
| Other Receivables                                       | -                       | 56 690                |
| Correction of Error - Note 38.11                        | -                       | (97 248)              |
|   | <u>8 451 174</u>        | <u>6 629 305</u>      |
| <b>Less:</b> Provision for Debt Impairment              | <u>(7 380 839)</u>      | <u>(6 515 128)</u>    |
| <b>Total Receivables from non-exchange transactions</b> | <b><u>1 070 335</u></b> | <b><u>114 176</u></b> |

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

**(Rates): Ageing**

|                       |                         |                         |
|-----------------------|-------------------------|-------------------------|
| Current (0 - 30 days) | 443 475                 | 104 463                 |
| 31 - 60 Days          | 167 512                 | 103 891                 |
| 61 - 90 Days          | 108 701                 | 98 686                  |
| + 90 Days             | 7 731 486               | 6 265 574               |
| <b>Total</b>          | <b><u>8 451 174</u></b> | <b><u>6 572 615</u></b> |

**Reconciliation of Provision for Debt Impairment**

|   |                         |                         |
|---|-------------------------|-------------------------|
| Balance at beginning of year            | 6 515 128               | 5 745 342               |
| Contribution to provision               | 1 008 275               | 821 048                 |
| Bad Debts written off against provision | (142 565)               | (51 261)                |
| Reversal of provision                   | -                       | -                       |
| <b>Balance at end of year</b>           | <b><u>7 380 839</u></b> | <b><u>6 515 128</u></b> |

The total amount of this provision is R7 380 839 and consist of

|  |                         |                         |
|--|-------------------------|-------------------------|
| Taxes  | 7 380 839               | 6 515 128               |
| Other  | -                       | -                       |
| <b>Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions</b> | <b><u>7 380 839</u></b> | <b><u>6 515 128</u></b> |

**Ageing of amounts past due but not impaired:**

|                    |          |                 |
|--------------------|----------|-----------------|
| 1 month past due   | -        | (46 977)        |
| 2+ months past due | -        | -               |
|                    | <u>-</u> | <u>(46 977)</u> |

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

|   | 2015<br>R      | 2014<br>R      |
|---|----------------|----------------|
| <b>19. OPERATING LEASE ARRANGEMENTS</b>   |                |                |
| <b>19.1 The Municipality as Lessor</b>  |                |                |
| Operating Lease Asset   | 8 546          | 11 786         |
| <b>Reconciliation</b>   |                |                |
| Balance at the beginning of the year  | 11 786         | 14 753         |
| Movement during the year  | (3 240)        | (2 967)        |
| Balance at the end of the year  | <b>8 546</b>   | <b>11 786</b>  |
| At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows: |                |                |
| Up to 1 Year  | 41 990         | 38 453         |
| 2 to 5 Years  | 210 312        | 192 594        |
| More than 5 Years   | 448 653        | 508 361        |
| <b>Total Operating Lease Arrangements</b>   | <b>700 955</b> | <b>739 408</b> |

This operating lease income determined from contracts that have a specific condition income. Property is rent at market related tariffs with a annual increase of 9%. The operating lease agreement expires in 2026.

**20. BANK ACCOUNTS**

**20.1 Cash and Cash Equivalents**

|   |                  |                  |
|---|------------------|------------------|
| Current Accounts                                | 501 923          | 269 988          |
| Call Investments Deposits                       | 3 139 377        | 6 306 674        |
| Cash Floats                                     | 380              | 380              |
| <b>Total Cash and Cash Equivalents - Assets</b> | <b>3 641 680</b> | <b>6 577 042</b> |

The municipality has the following bank accounts:

**Current Accounts**

|  |                |                |
|--|----------------|----------------|
| First National Bank - Account Number 534 7183 1653 (Primary Bank Account): | 501 923        | 269 988        |
|  | <b>501 923</b> | <b>269 988</b> |

**Call Investment Deposits**

|  |                  |                  |
|--|------------------|------------------|
| First National Bank - Account Number 620 6266 9521 (Equitable Share Account):      | 100 034          | 1 056            |
| First National Bank - Account Number 620 6973 7173 (Leave Gratuity Account)        | 492 495          | 831 675          |
| First National Bank - Account Number 620 7204 0555 (FMG Account)                   | 117 336          | 48 555           |
| First National Bank - Account Number 620 9751 5880 (Consumer Deposits Account):    | 152 315          | 294 474          |
| First National Bank - Account Number 620 9751 6979 (Flood Dam Kuboes Account)      | -                | 50 882           |
| First National Bank - Account Number 620 9751 7571 (CRR Account):                  | 1 537 401        | 1 003 233        |
| First National Bank - Account Number 621 1760 8581 (Dev. Housing Account):         | 25 924           | 25 667           |
| First National Bank - Account Number 743 3049 9861 (EFT/DBSA Account):             | 7 530            | 573 787          |
| First National Bank - Account Number 621 3757 8433 (Projects Account):             | 21 625           | 1 834 210        |
| First National Bank - Account Number 742 7763 6667 (Assets Financing Account):     | 455 431          | 430 784          |
| First National Bank - Account Number 621 3757 7782 (Grants and Subsidies Account): | 64 649           | 372 261          |
| First National Bank - Account Number 622 3714 1099 (Library Account):              | 111 577          | 236 251          |
| First National Bank - Account Number 622 7711 8313 (MIG Account):                  | 16 215           | -                |
| First National Bank - Account Number 624 2665 8508 (EPWP):                         | 36 844           | 603 838          |
|  | <b>3 139 377</b> | <b>6 306 674</b> |

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Details of current accounts are as follow:

|  | 2015<br>R | 2014<br>R |
|--|-----------|-----------|
| <b>First National Bank - Account Number 534 7183 1653 (Primary Bank Account):</b>      |           |           |
| Cash book balance at beginning of year   | 269 988   | 1 039 289 |
| Cash book balance at end of year   | 501 923   | 269 988   |
| Bank statement balance at beginning of year  | 191 105   | 987 600   |
| Bank statement balance at end of year  | 362 269   | 191 105   |
| <b>First National Bank - Account Number 620 2169 3587 (Vegetables Account):</b>        |           |           |
| Cash book balance at beginning of year   | -         | 1 605     |
| Cash book balance at end of year   | -         | -         |
| Bank statement balance at beginning of year  | -         | 1 605     |
| Bank statement balance at end of year  | -         | -         |
| <b>First National Bank - Account Number 620 3227 5689 (MSP Water Meters Account):</b>  |           |           |
| Cash book balance at beginning of year   | -         | 336 901   |
| Cash book balance at end of year   | -         | -         |
| Bank statement balance at beginning of year  | -         | 336 901   |
| Bank statement balance at end of year  | -         | -         |
| <b>First National Bank - Account Number 620 4518 7706 (Social/Aids Account):</b>       |           |           |
| Cash book balance at beginning of year   | -         | 49 669    |
| Cash book balance at end of year   | -         | -         |
| Bank statement balance at beginning of year  | -         | 49 669    |
| Bank statement balance at end of year  | -         | -         |
| <b>First National Bank - Account Number 620 6266 9521 (Equitable Share Account):</b>   |           |           |
| Cash book balance at beginning of year   | 1 056     | 2 117     |
| Cash book balance at end of year   | 100 034   | 1 056     |
| Bank statement balance at beginning of year  | 1 056     | 2 117     |
| Bank statement balance at end of year  | 100 034   | 1 056     |
| <b>First National Bank - Account Number 620 6973 7173 (Leave Gratuity Account):</b>    |           |           |
| Cash book balance at beginning of year   | 831 675   | 738 939   |
| Cash book balance at end of year   | 492 495   | 831 675   |
| Bank statement balance at beginning of year  | 831 675   | 738 939   |
| Bank statement balance at end of year  | 492 495   | 831 675   |
| <b>First National Bank - Account Number 620 7204 0555 (FMG Account):</b>               |           |           |
| Cash book balance at beginning of year   | 48 555    | 30 153    |
| Cash book balance at end of year   | 117 336   | 48 555    |
| Bank statement balance at beginning of year  | 48 555    | 30 153    |
| Bank statement balance at end of year  | 117 336   | 48 555    |
| <b>First National Bank - Account Number 620 9751 5880 (Consumer Deposits Account):</b> |           |           |
| Cash book balance at beginning of year   | 294 474   | 289 039   |
| Cash book balance at end of year   | 152 315   | 294 474   |
| Bank statement balance at beginning of year  | 294 474   | 289 039   |
| Bank statement balance at end of year  | 152 315   | 294 474   |
| <b>First National Bank - Account Number 620 9751 6979 (Flood Dam Kuboes Account):</b>  |           |           |
| Cash book balance at beginning of year   | 50 882    | 236 363   |
| Cash book balance at end of year   | -         | 50 882    |
| Bank statement balance at beginning of year  | 50 882    | 236 363   |
| Bank statement balance at end of year  | -         | 50 882    |

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|   | 2015<br>R | 2014<br>R |
|---|-----------|-----------|
| <b>First National Bank - Account Number 620 9751 7571 (CRR Account):</b>                  |           |           |
| Cash book balance at beginning of year  | 1 003 233 | 1 103 661 |
| Cash book balance at end of year  | 1 537 401 | 1 003 233 |
| Bank statement balance at beginning of year   | 1 003 233 | 1 103 661 |
| Bank statement balance at end of year   | 1 537 401 | 1 003 233 |
| <b>First National Bank - Account Number 621 1760 8581 (Dev. Housing Account):</b>         |           |           |
| Cash book balance at beginning of year  | 25 667    | 25 432    |
| Cash book balance at end of year  | 25 924    | 25 667    |
| Bank statement balance at beginning of year   | 25 667    | 25 432    |
| Bank statement balance at end of year   | 25 924    | 25 667    |
| <b>First National Bank - Account Number 743 3049 9861 (EFT/DBSA Account):</b>             |           |           |
| Cash book balance at beginning of year  | 573 787   | 78 687    |
| Cash book balance at end of year  | 7 530     | 573 787   |
| Bank statement balance at beginning of year   | 573 787   | 78 687    |
| Bank statement balance at end of year   | 6 699     | 573 787   |
| <b>First National Bank - Account Number 620 7643 7253 (Water Bulk Shand Account):</b>     |           |           |
| Cash book balance at beginning of year  | -         | 337 375   |
| Cash book balance at end of year  | -         | -         |
| Bank statement balance at beginning of year   | -         | 337 375   |
| Bank statement balance at end of year   | -         | -         |
| <b>First National Bank - Account Number 621 3757 8433 (Projects Account):</b>             |           |           |
| Cash book balance at beginning of year  | 1 834 210 | 372 841   |
| Cash book balance at end of year  | 21 625    | 1 834 210 |
| Bank statement balance at beginning of year   | 1 834 210 | 372 841   |
| Bank statement balance at end of year   | 21 625    | 1 834 210 |
| <b>First National Bank - Account Number 742 7763 6667 (Assets Financing Account):</b>     |           |           |
| Cash book balance at beginning of year  | 430 784   | 409 675   |
| Cash book balance at end of year  | 455 431   | 430 784   |
| Bank statement balance at beginning of year   | 430 784   | 409 675   |
| Bank statement balance at end of year   | 455 431   | 430 784   |
| <b>First National Bank - Account Number 621 3757 7782 (Grants and Subsidies Account):</b> |           |           |
| Cash book balance at beginning of year  | 372 261   | 169 099   |
| Cash book balance at end of year  | 64 649    | 372 261   |
| Bank statement balance at beginning of year   | 372 261   | 169 099   |
| Bank statement balance at end of year   | 64 649    | 372 261   |
| <b>First National Bank - Account Number 622 3714 1099 (Library Account):</b>              |           |           |
| Cash book balance at beginning of year  | 236 251   | 267 659   |
| Cash book balance at end of year  | 111 577   | 236 251   |
| Bank statement balance at beginning of year   | 236 251   | 267 659   |
| Bank statement balance at end of year   | 111 577   | 236 251   |
| <b>First National Bank - Account Number 622 7711 8313 (MIG Account):</b>                  |           |           |
| Cash book balance at beginning of year  | -         | 3 141 028 |
| Cash book balance at end of year  | 16 215    | -         |
| Bank statement balance at beginning of year   | 1 000     | 3 141 028 |
| Bank statement balance at end of year   | 16 215    | 1 000     |

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|   | 2015<br>R | 2014<br>R |
|---|-----------|-----------|
| <b><i>First National Bank - Account Number 623 7083 3115 (Integrated National Electrification):</i></b> |           |           |
| Cash book balance at beginning of year  | -         | 414 216   |
| Cash book balance at end of year  | -         | -         |
| Bank statement balance at beginning of year   | -         | 414 216   |
| Bank statement balance at end of year   | -         | -         |
| <b><i>First National Bank - Account Number 623 6607 3840 (NC Harbour Grant):</i></b>                    |           |           |
| Cash book balance at beginning of year  | -         | 1 353 323 |
| Cash book balance at end of year  | -         | -         |
| Bank statement balance at beginning of year   | -         | 1 353 323 |
| Bank statement balance at end of year   | -         | -         |
| <b><i>First National Bank - Account Number 624 2665 8508 (EPWP):</i></b>                                |           |           |
| Cash book balance at beginning of year  | 603 838   | -         |
| Cash book balance at end of year  | 36 844    | 603 838   |
| Bank statement balance at beginning of year   | 603 838   | -         |
| Bank statement balance at end of year   | 36 844    | 603 838   |

21. PROPERTY RATES

**Actual**

**Rateable Land and Buildings**

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
|                                       | 8 206 487        | 6 548 672        |
| Residential Property                  | 5 566 384        | 4 074 118        |
| Commercial Property                   | 1 329 852        | 1 210 697        |
| Industrial Property                   | 1 013 599        | 934 193          |
| Agricultural Purposes                 | 188 643          | 230 117          |
| State - National/ Provincial Services | 108 009          | 99 548           |
| Correction of Error - Note 39.12      | -                | (79 863)         |
| <b>Total Assessment Rates</b>         | <b>8 206 487</b> | <b>6 468 809</b> |

**Valuations - 1 July 2014**

**Rateable Land and Buildings**

|                                       |                      |                    |
|---------------------------------------|----------------------|--------------------|
|                                       | 1 006 940 271        | 960 967 658        |
| Residential Property                  | 646 148 354          | 743 341 185        |
| Commercial Property                   | 115 568 407          | 103 422 043        |
| Industrial Property                   | 4 416 200            | 3 857 600          |
| Agricultural Purposes                 | 188 215 210          | 88 539 130         |
| Mines                                 | 36 999 000           | -                  |
| State - National/ Provincial Services | 15 593 100           | 21 807 700         |
| <b>Total Assessment Rates</b>         | <b>1 006 940 271</b> | <b>960 967 658</b> |

**Valuations - 1 July 2014**

|                                  | Building<br>Clause<br>Valuation | Site Valuation | Building<br>Valuation | Total<br>Valuation   |
|----------------------------------|---------------------------------|----------------|-----------------------|----------------------|
| Residential                      | 34 760 994                      | -              | 611 387 360           | 646 148 354          |
| Commercial                       | 128 000                         | -              | 115 440 407           | 115 568 407          |
| Light Industrial                 | 103 000                         | -              | 4 313 200             | 4 416 200            |
| Agricultural/Rural               | -                               | -              | 188 215 210           | 188 215 210          |
| Mines                            | -                               | -              | 36 999 000            | 36 999 000           |
| State                            | -                               | -              | 15 593 100            | 15 593 100           |
| <b>Total Property Valuations</b> | <b>34 991 994</b>               | <b>-</b>       | <b>971 948 277</b>    | <b>1 006 940 271</b> |

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|                           | 2015<br>R  | 2014<br>R  |
|---------------------------|------------|------------|
| <b>Basic Rate</b>         |            |            |
| Residential               | 0.86584c/R | 0.79801c/R |
| Commercial and Industrial | 1.14911c/R | 1.05909c/R |
| Government                | 0.86584c/R | 0.79801c/R |
| Agriculture               | 0.13293c/R | 0.12252c/R |

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

|              |   |
|--------------|---|
| Residential  | - The first R25 000 on the valuation is exempted. |
| Indigents    | - The first R75 000 on the valuation is exempted. |
| Pensioners   | - 33,3%   |
| Government - | - 20%   |

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

**22. GOVERNMENT GRANTS AND SUBSIDIES**

**Unconditional**

|                 |            |            |
|-----------------|------------|------------|
| Equitable Share | 12 817 000 | 12 338 000 |
|-----------------|------------|------------|

**Conditional**

|                                  |            |             |
|----------------------------------|------------|-------------|
| Grants and Donations             | 16 519 100 | 20 356 690  |
| Correction of Error - Note 38.13 | -          | (7 950 315) |

**Total Government Grants and Subsidies**

|                   |                   |
|-------------------|-------------------|
| <b>29 336 100</b> | <b>24 744 374</b> |
|-------------------|-------------------|

|   |            |            |
|---|------------|------------|
| Government Grants and Subsidies - Operating | 20 680 644 | 18 201 094 |
| Government Grants and Subsidies - Capital   | 8 655 456  | 6 543 280  |

**Total Government Grants and Subsidies**

|                   |                   |
|-------------------|-------------------|
| <b>29 336 100</b> | <b>24 744 374</b> |
|-------------------|-------------------|

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

|  |                   |                   |
|--|-------------------|-------------------|
| Equitable share                              | 12 817 000        | 12 338 000        |
| Executive & Council                          | 41 937            | 79 534            |
| Budget & Treasury                            | 2 401 807         | 919 602           |
| Corporate Services                           | 3 341 006         | 2 411 810         |
| Community & Social Services                  | 1 076 790         | 1 176 686         |
| Sport & Recreation                           | -                 | 3                 |
| Waste Water Management                       | 2 495 288         | 1 608 912         |
| Road Transport                               | 7 162 273         | 5 339 010         |
| Water  | -                 | 752 739           |
| Electricity                                  | -                 | 118 078           |
| <b>Total Government Grants and Subsidies</b> | <b>29 336 100</b> | <b>24 744 374</b> |

**22.1 Equitable Share**

|                                 |              |              |
|---------------------------------|--------------|--------------|
| Opening balance                 | -            | -            |
| Correction of Error             | -            | -            |
| Grants received                 | 12 817 000   | 12 338 000   |
| Interest received               | -            | -            |
| Repaid to National Revenue Fund | -            | -            |
| Conditions met - Operating      | (12 817 000) | (12 338 000) |
| Conditions met - Capital        | -            | -            |
| Conditions still to be met      | -            | -            |

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  | 2015<br>R      | 2014<br>R     |
|--|----------------|---------------|
| <b>22.2 <u>Local Government Financial Management Grant (FMG)</u></b> |                |               |
| Opening balance  | 48 556         | -             |
| Correction of Error  | -              | -             |
| Grants received  | 1 800 000      | 1 650 000     |
| Interest received  | -              | -             |
| Repaid to National Revenue Fund                                      | -              | -             |
| Conditions met - Operating   | (1 743 098)    | (1 352 417)   |
| Conditions met - Capital   | -              | (249 027)     |
| Conditions still to be met   | <u>105 458</u> | <u>48 556</u> |

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

|   |               |                |
|---|---------------|----------------|
| <b>22.3 <u>Municipal Systems Improvement Grant (MSIG)</u></b> |               |                |
| Opening balance   | 372 261       | -              |
| Correction of Error   | -             | -              |
| Grants received   | 934 000       | 890 000        |
| Interest received   | -             | -              |
| Repaid to National Revenue Fund                               | -             | -              |
| Conditions met - Operating                                    | (1 099 810)   | (498 551)      |
| Conditions met - Capital                                      | (164 238)     | (19 188)       |
| Conditions still to be met                                    | <u>42 213</u> | <u>372 261</u> |

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

|   |               |                    |
|---|---------------|--------------------|
| <b>22.4 <u>Municipal Infrastructure Grant (MIG)</u></b> |               |                    |
| Opening balance   | (2 101 527)   | -                  |
| Correction of Error                                     | -             | -                  |
| Grants received   | 10 182 000    | 5 192 000          |
| Interest received                                       | -             | -                  |
| Repaid to National Revenue Fund                         | -             | (1 010 000)        |
| Conditions met - Operating                              | (570)         | (364 628)          |
| Conditions met - Capital                                | (8 066 223)   | (5 918 899)        |
| Conditions still to be met                              | <u>13 680</u> | <u>(2 101 527)</u> |

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

|  |          |           |
|--|----------|-----------|
| <b>22.5 <u>Integrated National Electrification Grant</u></b> |          |           |
| Opening balance  | -        | 118 078   |
| Correction of Error  | -        | -         |
| Grants received  | -        | -         |
| Interest received  | -        | -         |
| Repaid to National Revenue Fund                              | -        | (118 000) |
| Conditions met - Operating                                   | -        | (78)      |
| Conditions met - Capital                                     | -        | -         |
| Conditions still to be met                                   | <u>-</u> | <u>-</u>  |

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|                                  | 2015<br>R     | 2014<br>R      |
|----------------------------------|---------------|----------------|
| <b>22.6 <u>Library Grant</u></b> |               |                |
| Opening balance                  | 182 612       | 202 298        |
| Correction of Error              | -             | -              |
| Grants received                  | 796 000       | 693 000        |
| Interest received                | -             | -              |
| Repaid to National Revenue Fund  | -             | -              |
| Conditions met - Operating       | (934 383)     | (712 686)      |
| Conditions met - Capital         | -             | -              |
| Conditions still to be met       | <u>44 229</u> | <u>182 612</u> |

The grant was used to finance library activities.

|   |               |               |
|---|---------------|---------------|
| <b>22.7 <u>Accelerated Infrastructure Programme</u></b> |               |               |
| Opening balance   | 47 067        | -             |
| Correction of Error                                     | -             | -             |
| Grants received   | 2 409 773     | 403 232       |
| Interest received                                       | -             | -             |
| Repaid to National Revenue Fund                         | -             | -             |
| Conditions met - Operating                              | (2 409 773)   | -             |
| Conditions met - Capital                                | -             | (356 166)     |
| Conditions still to be met                              | <u>47 067</u> | <u>47 067</u> |

The grant was used to facilitate cultural groups.

|  |          |               |
|--|----------|---------------|
| <b>22.8 <u>CoGTA Grant (Flood Damage Kuboes)</u></b> |          |               |
| Opening balance                                      | 50 619   | 185 263       |
| Correction of Error                                  | -        | -             |
| Grants received                                      | -        | -             |
| Interest received                                    | -        | -             |
| Repaid to National Revenue Fund                      | -        | -             |
| Conditions met - Operating                           | (50 619) | (134 644)     |
| Conditions met - Capital                             | -        | -             |
| Conditions still to be met                           | <u>-</u> | <u>50 619</u> |

The grant was used to perform maintenance in flood damage areas.

|  |          |          |
|--|----------|----------|
| <b>22.9 <u>CoGTA Grant (MSP Water meter)</u></b> |          |          |
| Opening balance                                  | -        | 4 587    |
| Correction of Error                              | -        | -        |
| Grants received                                  | -        | -        |
| Interest received                                | -        | -        |
| Repaid to National Revenue Fund                  | -        | -        |
| Conditions met - Operating                       | -        | (4 587)  |
| Conditions met - Capital                         | -        | -        |
| Conditions still to be met                       | <u>-</u> | <u>-</u> |

The grant was used to install water meters.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  | 2015<br>R | 2014<br>R   |
|--|-----------|-------------|
| <b>22.10 CoGTA Grant (Sizamile Vegetable)</b>  |           |             |
| Opening balance  | -         | 1 583       |
| Correction of Error  | -         | -           |
| Grants received  | -         | -           |
| Interest received  | -         | -           |
| Repaid to National Revenue Fund  | -         | -           |
| Conditions met - Operating   | -         | (1 583)     |
| Conditions met - Capital   | -         | -           |
| Conditions still to be met   | -         | -           |
| The grant was used to establish vegetable gardens.                                   |           |             |
| <b>22.11 CoGTA Grant (Water Bulk Supply - Ninham Shand)</b>                          |           |             |
| Opening balance  | -         | 261 930     |
| Correction of Error  | -         | -           |
| Grants received  | -         | -           |
| Interest received  | -         | -           |
| Repaid to National Revenue Fund  | -         | -           |
| Conditions met - Operating   | -         | (261 930)   |
| Conditions met - Capital   | -         | -           |
| Conditions still to be met   | -         | -           |
| The grant was used to develop water infrastructure.                                  |           |             |
| <b>22.12 CoGTA Grant (Water Bulk Infrastructure)</b>                                 |           |             |
| Opening balance  | -         | -           |
| Correction of Error  | -         | -           |
| Grants received  | 643 339   | -           |
| Interest received  | -         | -           |
| Repaid to National Revenue Fund  | -         | -           |
| Conditions met - Operating   | (218 344) | -           |
| Conditions met - Capital   | (424 995) | -           |
| Conditions still to be met   | -         | -           |
| The grant was used to develop water infrastructure.                                  |           |             |
| <b>22.13 Harbour Grant</b>   |           |             |
| Opening balance  | -         | 1 303 631   |
| Correction of Error  | -         | -           |
| Grants received  | -         | -           |
| Interest received  | -         | -           |
| Repaid to National Revenue Fund  | -         | -           |
| Conditions met - Operating   | -         | (1 303 631) |
| Conditions met - Capital   | -         | -           |
| Conditions still to be met   | -         | -           |
| The grant was used to upgrade the Port Nolloth harbour.                              |           |             |
| <b>22.14 Namakwa District Municipality Grant</b>                                     |           |             |
| Opening balance  | -         | -           |
| Correction of Error  | -         | -           |
| Grants received  | 97 610    | 574 001     |
| Interest received  | -         | -           |
| Repaid to National Revenue Fund  | -         | -           |
| Conditions met - Operating   | (97 552)  | (574 001)   |
| Conditions met - Capital   | -         | -           |
| Conditions still to be met   | 58        | -           |
| The grant was used for various projects identified by Namakwa District Municipality. |           |             |

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|   | 2015<br>R         | 2014<br>R          |
|---|-------------------|--------------------|
| <b>22.15 De Beers</b>   |                   |                    |
| Opening balance   | 698               | 698                |
| Correction of Error   | -                 | -                  |
| Grants received   | -                 | -                  |
| Interest received   | -                 | -                  |
| Repaid to National Revenue Fund                                 | -                 | -                  |
| Conditions met - Operating                                      | (698)             | -                  |
| Conditions met - Capital  | -                 | -                  |
| Conditions still to be met                                      | -                 | 698                |
| The grant was used for various projects identified by De Beers. |                   |                    |
| <b>22.16 Expanded Public Works Programme</b>                    |                   |                    |
| Opening balance   | 345 640           | -                  |
| Correction of Error   | -                 | -                  |
| Grants received   | 1 000 000         | 1 000 000          |
| Interest received   | -                 | -                  |
| Repaid to National Revenue Fund                                 | -                 | -                  |
| Conditions met - Operating                                      | (1 308 796)       | (654 360)          |
| Conditions met - Capital  | -                 | -                  |
| Conditions still to be met                                      | 36 844            | 345 640            |
| The grant was used for job creation.                            |                   |                    |
| <b>22.17 Total Grants</b>                                       |                   |                    |
| Opening balance   | (1 054 074)       | 2 078 068          |
| Correction of Error   | -                 | -                  |
| Grants received   | 30 679 722        | 22 740 233         |
| Interest received   | -                 | -                  |
| Repaid to National Revenue Fund                                 | -                 | (1 128 000)        |
| Conditions met - Operating                                      | (20 680 644)      | (18 201 094)       |
| Conditions met - Capital  | (8 655 456)       | (6 543 280)        |
| Conditions still to be met/(Grant expenditure to be recovered)  | 289 547           | (1 054 074)        |
| <u>Disclosed as follows:</u>                                    |                   |                    |
| Unspent Conditional Government Grants and Receipts              | 289 547           | 1 047 453          |
| Unpaid Conditional Government Grants and Receipts               | -                 | (2 101 527)        |
| <b>Total</b>  | <b>289 547</b>    | <b>(1 054 074)</b> |
| <b>23. PUBLIC CONTRIBUTIONS AND DONATIONS</b>                   |                   |                    |
| Donations   | 968 655           | 240 473            |
| <b>Total Public Contributions and Donations</b>                 | <b>968 655</b>    | <b>240 473</b>     |
| <b>24. SERVICE CHARGES</b>                                      |                   |                    |
| Electricity   | 8 744 256         | 7 928 736          |
| Water   | 5 945 644         | 5 366 852          |
| Refuse Removal  | 3 062 925         | 2 526 975          |
| Sewerage and Sanitation Charges                                 | 2 662 265         | 2 188 490          |
| Correction of Error - Note 38.13                                | -                 | (395 477)          |
| <b>Total Service Charges</b>                                    | <b>20 415 091</b> | <b>17 615 577</b>  |
| <b>25. RENTAL OF FACILITIES AND EQUIPMENT</b>                   |                   |                    |
| Rental of facilities  | 330 518           | 483 863            |
| Rental of equipment   | 31 514            | 2 160              |
| Other rentals   | 1 423 243         | 1 439 341          |
| Correction of Error - Note 38.13                                | -                 | (11 064)           |
| <b>Total Rental of Facilities and Equipment</b>                 | <b>1 785 275</b>  | <b>1 914 300</b>   |

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  | 2015<br>R         | 2014<br>R         |
|--|-------------------|-------------------|
| <b>26. INTEREST EARNED - EXTERNAL INVESTMENTS</b>  |                   |                   |
| Bank   | 325 454           | 359 693           |
| <b>Total Interest Earned - External Investments</b>  | <b>325 454</b>    | <b>359 693</b>    |
| <b>27. INTEREST EARNED - OUTSTANDING RECEIVABLES</b>   |                   |                   |
| Long-term Receivables  | 258               | 255               |
| Trade Receivables  | 1 839 950         | 1 734 883         |
| <b>Total Interest Earned - Outstanding Receivables</b>   | <b>1 840 208</b>  | <b>1 735 139</b>  |
| <b>28. OTHER INCOME</b>  |                   |                   |
| Christmas Lights Festival  | 47 700            | 400 860           |
| Commission   | 15 504            | 17 320            |
| Grave Lots   | 8 461             | 6 990             |
| Grazing Fees   | 234 779           | 201 357           |
| Insurance claims   | 44 931            | 51 934            |
| Lost Books   | 73                | 575               |
| Other  | 655 222           | 297 604           |
| Photostats   | 7 086             | 15 307            |
| Posters  | 2 700             | 2 050             |
| Search Fees  | 14 646            | 4 783             |
| Surplus Cash   | (20)              | 4                 |
| Survey Costs   | -                 | 9 571             |
| Correction of Error - Note 38.13   | -                 | (141 416)         |
| <b>Total Other Income</b>  | <b>1 031 081</b>  | <b>866 938</b>    |
| <b>29. EMPLOYEE RELATED COSTS</b>  |                   |                   |
| Employee Related Costs - Salaries and Wages  | 12 511 211        | 12 291 299        |
| Employee Related Costs - Contributions for Medical Aids  | 449 958           | 429 438           |
| Employee Related Costs - Contributions for UIF and Pensions  | 1 834 087         | 1 692 514         |
| Travel, Motor Car, Accommodation, Subsistence and Other Allowances   | 958 609           | 593 667           |
| Housing Benefits and Allowances  | 89 966            | 93 753            |
| Overtime Payments  | 829 824           | 812 811           |
| Bonuses  | 990 181           | 846 502           |
| Provision for leave  | 216 378           | 234 284           |
| Contribution to provision - Long Service Awards - Note 5   | 86 815            | 85 956            |
| Contribution to provision - Post Retirement Medical - Note 5   | 42 350            | 42 328            |
| Correction of Error 38.13  | -                 | 8 230             |
|  | 18 009 379        | 17 130 781        |
| <b>Less:</b> Employee Costs allocated elsewhere  | -                 | -                 |
| <b>Total Employee Related Costs</b>  | <b>18 009 379</b> | <b>17 130 781</b> |
| <b>KEY MANAGEMENT PERSONNEL</b>  |                   |                   |
| Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods. |                   |                   |
| <b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>  |                   |                   |
| <b>Remuneration of the Municipal Manager - Mrs D Farmer</b>  |                   |                   |
| Annual Remuneration  | 398 102           | 372 789           |
| Travelling Allowance   | 122 195           | 112 594           |
| Other Allowances   | 111 984           | 116 835           |
| Bonus  | 33 175            | 31 066            |
| Back pay   | -                 | 4 309             |
| Contributions to UIF, Medical and Pension Funds  | 51 906            | 37 284            |
| <b>Total</b>   | <b>717 362</b>    | <b>674 877</b>    |

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  | 2015<br>R      | 2014<br>R      |
|--|----------------|----------------|
| <b>Remuneration of the Chief Financial Officer - Mr IG Valentein (resigned March 2015)</b> |                |                |
| Annual Remuneration  | 262 558        | 327 818        |
| Telephone Allowance  | 8 169          | 10 200         |
| Annual Bonus   | 29 173         | 27 318         |
| Car Allowance  | 71 109         | 94 288         |
| Housing Allowance  | 17 300         | 20 700         |
| Other Allowance  | 86 210         | 109 204        |
| Back pay   | -              | 6 830          |
| Contributions to UIF, Medical and Pension Funds  | 1 400          | 81 921         |
| <b>Total</b>   | <b>475 919</b> | <b>678 279</b> |
| <b>Remuneration of Head of Corporate Services - Ms EE Cloete</b>                           |                |                |
| Annual Remuneration  | 242 158        | 226 761        |
| Telephone Allowance  | 6 846          | 6 308          |
| Annual Bonus   | 20 180         | 18 897         |
| Car Allowance  | 80 719         | 74 377         |
| Housing Allowance  | 14 529         | 13 606         |
| Back pay   | -              | 1 312          |
| Contributions to UIF, Medical and Pension Funds  | 66 144         | 61 998         |
| <b>Total</b>   | <b>430 575</b> | <b>403 259</b> |
| <b>Remuneration of Infrastructure Manager - Mr H Cloete (resigned March 2015)</b>          |                |                |
| Annual Remuneration  | 166 095        | 226 761        |
| Telephone Allowance  | 4 701          | 6 308          |
| Car Allowance  | 55 427         | 74 377         |
| Annual Bonus   | 20 180         | 18 897         |
| Housing Allowance  | 9 977          | 13 606         |
| Other Allowance  | 12 838         | 25 892         |
| Back pay   | -              | 2 117          |
| Contributions to UIF, Medical and Pension Funds  | 1 318          | 31 575         |
| <b>Total</b>   | <b>270 537</b> | <b>399 533</b> |
| <b>Remuneration of LED/IDP Manager - Mr SC Adams</b>                                       |                |                |
| Annual Remuneration  | 263 695        | 246 929        |
| Telephone Allowance  | 5 477          | 5 046          |
| Car Allowance  | 41 074         | 37 847         |
| Annual Bonus   | 21 975         | 20 577         |
| Housing Allowance  | 15 822         | 14 816         |
| Back pay   | -              | 698            |
| Contributions to UIF, Medical and Pension Funds  | 106 873        | 99 407         |
| <b>Total</b>   | <b>454 915</b> | <b>425 320</b> |

30. REMUNERATION OF COUNCILLORS

|  |                  |                  |
|--|------------------|------------------|
| AM Jansen - Mayor                      | 624 332          | 624 332          |
| LR Ambrosini - Councillor              | 193 734          | 193 734          |
| G Beukes - Councillor                  | 193 734          | 193 734          |
| CF Richter - Councillor                | 193 734          | 193 734          |
| E Hausiku - Councillor                 | 193 734          | 193 734          |
| WJP Links - Councillor                 | 193 734          | 193 734          |
| T Swartbooi - Councillor               | 193 734          | 193 734          |
| J Pretorius - Councillor               | -                | 151 140          |
| R Jonker - Councillor                  | 193 734          | 32 289           |
| <b>Total Councillors' Remuneration</b> | <b>1 980 470</b> | <b>1 970 165</b> |

Remuneration paid to Councillors can be summarised as follow:

|  | Salary           | Travel<br>Allowance | Other<br>Allowances | Contributions | Total            |
|--|------------------|---------------------|---------------------|---------------|------------------|
| Mayor                                  | 453 345          | 151 115             | 19 872              | -             | 624 332          |
| Councillors                            | 952 028          | 317 338             | 86 772              | -             | 1 356 138        |
| <b>Total Councillors' Remuneration</b> | <b>1 405 373</b> | <b>468 453</b>      | <b>106 644</b>      | <b>-</b>      | <b>1 980 470</b> |

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

**Certification by the Municipal Manager**

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....  
**Signed: Municipal Manager**

**31. DEBT IMPAIRMENT**

|  |                              |                              |
|--|------------------------------|------------------------------|
| Receivables from exchange transactions - Note 17     | 3 671 603                    | 3 769 463                    |
| Receivables from non-exchange transactions - Note 18 | 1 008 275                    | 821 048                      |
|  | <hr/>                        | <hr/>                        |
|  | 4 679 879                    | 4 590 511                    |
| <b>Less:</b> VAT Portion on Debt Impairment          | (450 899)                    | (412 822)                    |
| <b>Total Debt Impairment</b>                         | <hr/> <b>4 228 980</b> <hr/> | <hr/> <b>4 177 689</b> <hr/> |

**32. DEPRECIATION AND AMORTISATION**

|  |                              |                              |
|--|------------------------------|------------------------------|
| Property, plant and equipment              | 4 345 560                    | 4 448 879                    |
| Intangible assets                          | 90 229                       | 77 306                       |
| Investment property carried at cost        | 3 454                        | 3 455                        |
| Correction of Error - Note 38.11           | -                            | 871 387                      |
|  | <hr/>                        | <hr/>                        |
| <b>Total Depreciation and Amortisation</b> | <hr/> <b>4 439 242</b> <hr/> | <hr/> <b>5 401 026</b> <hr/> |

**33. FINANCE COSTS**

|                                  |                              |                              |
|----------------------------------|------------------------------|------------------------------|
| Long-term Liabilities            | 177 401                      | 322 025                      |
| Non-current Provisions           | 655 603                      | 361 429                      |
| Non-current Employee Benefits    | 274 025                      | 256 993                      |
| Creditors                        | 12 760                       | 6 331                        |
| Correction of Error - Note 38.13 | -                            | 257 064                      |
|                                  | <hr/>                        | <hr/>                        |
| <b>Total Finance Costs</b>       | <hr/> <b>1 119 790</b> <hr/> | <hr/> <b>1 203 842</b> <hr/> |

**34. BULK PURCHASES**

|                             |                               |                              |
|-----------------------------|-------------------------------|------------------------------|
| Electricity                 | 9 222 001                     | 8 209 521                    |
| Water                       | 1 199 121                     | 1 211 376                    |
|                             | <hr/>                         | <hr/>                        |
| <b>Total Bulk Purchases</b> | <hr/> <b>10 421 122</b> <hr/> | <hr/> <b>9 420 897</b> <hr/> |

**35. GENERAL EXPENSES**

|                                |           |           |
|--------------------------------|-----------|-----------|
| Advertising                    | 21 676    | 53 940    |
| Audit Fees                     | 1 693 404 | 1 948 912 |
| Bank Charges                   | 84 989    | 79 475    |
| Christmas Lights Festival      | 453 679   | 784 717   |
| Cleaning Materials             | 44 149    | 76 292    |
| Computer Licences              | 312 638   | 353 393   |
| Congress/Deputation Costs      | -         | 4 000     |
| Entertainment                  | 20 390    | 38 443    |
| Environmental Electricity Levy | 254 532   | 291 447   |
| Fire Extinguishing Materials   | 1 558     | -         |
| Fuel Vehicles                  | 658 003   | 726 750   |
| Insurance                      | 674 417   | 549 294   |
| Legal Fees                     | 189 027   | 222 190   |
| Membership and Subscriptions   | 520 674   | 463 012   |
| New Connections                | 22 528    | 27 963    |
| Printing and Stationary        | 74 352    | 77 735    |
| Public Transport               | 3 044     | 7 300     |
| Railage                        | 22 478    | 29 575    |
| Rental                         | 182 721   | 283 983   |
| Telephone and Postage          | 333 780   | 372 900   |
| Travelling and Subsistence     | 352 531   | 430 699   |

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  | 2015<br>R         | 2014<br>R         |
|--|-------------------|-------------------|
| Website  | 21 767            | 9 246             |
| Other  | 495 725           | 339 136           |
| Other Operating Grant Expenditure  | 8 680 345         | 17 198 795        |
| Correction of Error - Note 38.11   | -                 | (8 755 895)       |
| <b>Total General Expenses</b>  | <b>15 118 407</b> | <b>15 613 304</b> |
| <b>36. GAINS/(LOSS) ON SALE OF ASSETS</b>  |                   |                   |
| Property, plant and equipment  | (47 201)          | 109 363           |
| <b>Total Gain/ (Loss) on Sale of Assets</b>  | <b>(47 201)</b>   | <b>109 363</b>    |
| <b>37. (IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS</b>  |                   |                   |
| Property, Plant and Equipment  | (356 455)         | -                 |
| <i>Obsolete Property, Plant and Equipment with no economic value.</i>  |                   |                   |
| <b>Total (Impairment Loss)/ Reversal of Impairment Loss</b>  | <b>(356 455)</b>  | <b>-</b>          |
| <b>38. CORRECTION OF ERROR IN TERMS OF GRAP 3</b>  |                   |                   |
| The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP: |                   |                   |
| <b>38.1 Non-Current Provisions</b>   |                   |                   |
| <b>Balance previously reported</b>   | -                 | 6 385 249         |
| IGRAP 2 Adjustment on Landfill-sites recognised incorrectly - Note 12  | -                 | (80 393)          |
| Interest on Provision of Rehabilitation Cost on Landfill-sites recognised incorrectly in 2013/2014 - Note 4  | -                 | 257 064           |
| Provision of Rehabilitation Cost on Landfill-sites recognised incorrectly in periods before 1 July 2013  | -                 | 4 284 400         |
| <b>Restated Balance</b>  | <b>-</b>          | <b>10 846 320</b> |
| Provision of Rehabilitation Cost of Landfill-sites recognised incorrectly in prior years.  |                   |                   |
| <b>38.2 Unspent Conditional Government Grants and Receipts</b>   |                   |                   |
| <b>Balance previously reported</b>   | -                 | 2 879 143         |
| Correction of Housing Grant - Note 9   | -                 | (1 831 690)       |
| <b>Restated Balance</b>  | <b>-</b>          | <b>1 047 453</b>  |
| Unspent portion of Housing Grant recognised incorrectly as Unspent Grants in prior years.  |                   |                   |
| <b>38.3 Payables from Exchange Transactions</b>  |                   |                   |
| <b>Balance previously reported</b>   | -                 | 6 001 241         |
| Retentions recognised incorrectly in prior years - Note 8  | -                 | (144 748)         |
| Correction of Unidentified Deposits - Note 8   | -                 | (20 260)          |
| Back pay not recorded in prior year - Note 8   | -                 | 8 230             |
| Trade Payables recognised incorrectly in prior years - Note 8  | -                 | (114 967)         |
| Other Creditors not recognised in prior year - Note 8  | -                 | 205 924           |
| Unspent portion of Housing Grant recognised incorrectly as Unspent Grants in prior years - Note 38.2   | -                 | 1 831 690         |
| <b>Restated Balance</b>  | <b>-</b>          | <b>7 767 109</b>  |
| Correction of Other Creditors, Suspense Accounts and Deposits: Other and Housing Grant.  |                   |                   |
| <b>38.4 Unpaid Conditional Government Grants and Receipts</b>  |                   |                   |
| <b>Balance previously reported</b>   | -                 | 1 091 527         |
| MIG Grant withheld in 2013/2014 - Note 8   | -                 | 1 010 000         |
| <b>Restated Balance</b>  | <b>-</b>          | <b>2 101 527</b>  |
| MIG Grant withheld in 2013/2014 and off-set against Equitable Share payment by National Treasury.  |                   |                   |

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|   | 2015<br>R | 2014<br>R      |
|---|-----------|----------------|
| <b>38.5 Taxes</b>                             |           |                |
| Balance previously reported                   | -         | 256 578        |
| Correction of VAT Control Account - Note 10.2 | -         | (80 522)       |
| <b>Restated Balance</b>                       | <b>-</b>  | <b>176 055</b> |

Correction of VAT Control Accounts.

|   |          |                    |
|---|----------|--------------------|
| <b>38.6 Property, Plant and Equipment</b>   |          |                    |
| Balance previously reported   | -        | 110 409 348        |
| Cost  | -        | 12 976 501         |
| Land and Buildings recognised incorrectly in prior years - Note 12  | -        | (40 900)           |
| IGRAP 2 Adjustment on Landfill-sites recognised incorrectly - Note 12   | -        | (80 393)           |
| Other Assets recognised incorrectly in prior years - Note 12  | -        | 263                |
| Land and Buildings not previously recognised - Note 12  | -        | 13 097 530         |
| Accumulated Depreciation and Impairment Losses  | -        | (1 352 738)        |
| Community Assets - Accumulated Depreciation recognised incorrectly in 2013/2014 - Note 12                       | -        | (46 587)           |
| Housing Rental Stock Assets - Accumulated Depreciation recognised incorrectly in 2013/2014 - Note 12            | -        | (576)              |
| Infrastructure Assets - Accumulated Depreciation recognised incorrectly in 2013/2014 - Note 12                  | -        | (719 402)          |
| Infrastructure Assets - Accumulated Depreciation recognised incorrectly in periods before 1 July 2013 - Note 12 | -        | (477 450)          |
| Land and Buildings - Accumulated Depreciation recognised incorrectly in 2013/2014 - Note 12                     | -        | (19 159)           |
| Land and Buildings - Accumulated Depreciation recognised incorrectly in periods before 1 July 2013 - Note 12    | -        | (779)              |
| Lease Assets - Accumulated Depreciation recognised incorrectly in 2013/2014 - Note 12                           | -        | (31 303)           |
| Other Assets - Accumulated Depreciation recognised incorrectly in 2013/2014 - Note 12                           | -        | (45 581)           |
| Other Assets - Accumulated Depreciation recognised incorrectly in periods before 1 July 2013 - Note 12          | -        | (11 903)           |
| <b>Restated Balance</b>   | <b>-</b> | <b>122 033 111</b> |

Correction of prior years' differences between Asset Register and General Ledger accounts.

|  |          |                   |
|--|----------|-------------------|
| <b>38.7 Investment Property</b>  |          |                   |
| Balance previously reported  | -        | 47 481 717        |
| Cost   | -        | (1 003 700)       |
| Investment Properties recognised incorrectly in prior years - Note 13  | -        | (1 003 700)       |
| Accumulated Depreciation and Impairment Losses                         | -        | (309)             |
| Accumulated Depreciation recognised incorrectly in 2013/2014 - Note 13 | -        | (309)             |
| <b>Restated Balance</b>  | <b>-</b> | <b>46 477 708</b> |

Correction of prior years' differences between Asset Register and General Ledger accounts.

|   |          |                |
|---|----------|----------------|
| <b>38.8 Intangible Assets</b>   |          |                |
| Balance previously reported   | -        | 423 302        |
| Accumulated Amortisation and Impairment Losses  | -        | (47 777)       |
| Accumulated Amortisation recognised incorrectly in 2013/2014 - Note 14                  | -        | (8 470)        |
| Accumulated Amortisation recognised incorrectly in periods before 1 July 2013 - Note 14 | -        | (39 307)       |
| <b>Restated Balance</b>   | <b>-</b> | <b>375 525</b> |

Correction of prior years' differences between Asset Register and General Ledger accounts.



RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  | 2015<br>R | 2014<br>R        |
|--|-----------|------------------|
| <b>38.9 Inventory</b>  |           |                  |
| <b>Balance previously reported</b>   | -         | 148 607          |
| Correction of differences identified during stock count in 2013/2014 - Note 16                       | -         | (32 941)         |
| <b>Restated Balance</b>  | <u>-</u>  | <u>115 666</u>   |
| Correction of inventory write-offs in prior year.  |           |                  |
| <b>38.10 Receivables from Exchange Transactions</b>  |           |                  |
| <b>Balance previously reported</b>   | -         | 1 385 237        |
| Correction of Debtors: Electricity Accounts - Note 17  | -         | (145 979)        |
| Correction of Debtors: Water Accounts - Note 17  | -         | (89 799)         |
| Correction of Debtors: Housing Accounts - Note 17  | -         | (11 064)         |
| Correction of Debtors: Refuse Accounts - Note 17   | -         | (75 782)         |
| Correction of Debtors: Sewerage Accounts - Note 17   | -         | (83 916)         |
| Correction of Debtors: Other Arrears Accounts - Note 17  | -         | (161 676)        |
| <b>Restated Balance</b>  | <u>-</u>  | <u>817 020</u>   |
| Correction of Consumer accounts.   |           |                  |
| <b>38.11 Receivables from Non-Exchange Transactions</b>  |           |                  |
| <b>Balance previously reported</b>   | -         | 211 425          |
| Correction of Debtors: Rates Accounts - Note 18  | -         | (79 863)         |
| Correction of Sundry Debtors - Note 18   | -         | (17 385)         |
| <b>Restated Balance</b>  | <u>-</u>  | <u>114 176</u>   |
| Correction of Consumer accounts and Provision for Debt Impairment.                                   |           |                  |
| <b>38.12 Accumulated Surplus/(Deficit) - 1 July 2013</b>   |           |                  |
| Retentions recognised incorrectly in prior years - Note 38.1   | -         | 144 748          |
| Land and Buildings recognised incorrectly in prior years - Note 38.2                                 | -         | (40 900)         |
| Land not previously recognised - Note 38.3   | -         | 13 097 530       |
| Other Assets recognised incorrectly in prior years - Note 38.3                                       | -         | 263              |
| Infrastructure Assets - Accumulated Depreciation recognised incorrectly in prior years - Note 38.3   | -         | (477 450)        |
| Land and Buildings - Accumulated Depreciation recognised incorrectly in prior years - Note 38.3      | -         | (779)            |
| Lease Assets - Accumulated Depreciation recognised incorrectly in prior years - Note 38.3            | -         | -                |
| Other Assets - Accumulated Depreciation recognised incorrectly in prior years - Note 38.3            | -         | (11 903)         |
| Investment Properties recognised incorrectly in prior years - Note 38.5                              | -         | (1 003 700)      |
| Intangible Assets - Accumulated Amortisation recognised incorrectly in prior years - Note 38.5       | -         | (39 307)         |
| Correction of Sundry Debtors - Note 38.9   | -         | (17 385)         |
| Provision of Rehabilitation Cost of Landfill-sites recognised incorrectly in prior years - Note 38.1 | -         | (4 284 400)      |
| <b>Total</b>   | <u>-</u>  | <u>7 366 718</u> |

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|   |                   | 2015<br>R                         | 2014<br>R           |
|---|-------------------|-----------------------------------|---------------------|
| <b>38.13 Changes to Statement of Financial Performance</b>                                  |                   |                                   |                     |
| Movement on operating account as a result of GRAP standards not implemented in prior years: |                   |                                   |                     |
|   | Note              | Balance<br>previously<br>reported | Restated<br>Balance |
| <b>Revenue</b>  |                   |                                   |                     |
| Property taxes  | 38.11             | 6 548 672                         | 6 468 809           |
| Government Grants and Subsidies   | 38.4              | 32 694 690                        | 24 744 374          |
| Public Contributions and Donations  |                   | 240 473                           | 240 473             |
| Fines   |                   | 8 347                             | 8 347               |
| Actuarial Gains   |                   | 6 156                             | 6 156               |
| Property Rates - penalties imposed and collection charges                                   |                   | 757 704                           | 757 704             |
| Service Charges   | 38.1              | 18 011 054                        | 17 614 577          |
| Rental of Facilities and Equipment  | 38.1              | 1 925 364                         | 1 914 300           |
| Interest Earned - external investments  |                   | 359 693                           | 359 693             |
| Interest Earned - outstanding receivables   |                   | 1 735 139                         | 1 735 139           |
| Licences and Permits  |                   | 27 702                            | 27 702              |
| Income for Agency Services  |                   | 383 514                           | 383 514             |
| Other Income  | 38.4 & 38.10      | 1 008 354                         | 866 938             |
| Sale of Asset   |                   | 109 363                           | 109 363             |
| Total   |                   | 63 816 224                        | 55 238 089          |
|   |                   |                                   |                     |
|   | Note              | Balance<br>previously<br>reported | Restated<br>Balance |
| <b>Expenditure</b>  |                   |                                   |                     |
| Employee related costs  | 38.3              | (17 122 551)                      | (17 130 781)        |
| Remuneration of Councillors   |                   | (1 970 165)                       | (1 970 165)         |
| Debt Impairment   |                   | (4 177 689)                       | (4 177 689)         |
| Depreciation and Amortisation   | 38.6, 38.7 & 38.8 | (4 529 640)                       | (5 401 026)         |
| Repairs and Maintenance   |                   | (1 300 317)                       | (1 300 317)         |
| Unamortised Discount - Interest   |                   | (60 333)                          | (60 333)            |
| Actuarial Losses  |                   | (20 478)                          | (20 478)            |
| Finance Costs   |                   | (946 778)                         | (1 203 842)         |
| Bulk Purchases  |                   | (9 420 897)                       | (9 420 897)         |
| Contracted Services   |                   | (490 946)                         | (490 946)           |
| Grants and Subsidies Paid   |                   | (5 000)                           | (5 000)             |
| Other Operating Grant Expenditure   | 38.5              | -                                 | -                   |
| General Expenses  | 38.2              | (24 369 199)                      | (15 613 304)        |
| Total   |                   | (64 413 994)                      | (56 794 778)        |
| Net Surplus/(Deficit) for the year  |                   | (597 769)                         | (1 556 690)         |

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  | 2015<br>R        | 2014<br>R        |
|--|------------------|------------------|
| <b>39. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b> |                  |                  |
| Surplus/(Deficit) for the year   | 9 499 340        | (1 556 690)      |
| <b>Adjustments for:</b>  |                  |                  |
| Depreciation and amortisation  | 4 439 242        | 4 529 922        |
| Loss/(Gain) on disposal of property, plant and equipment   | 8 170            | (109 363)        |
| Impairment Loss/(Reversal of Impairment Loss)  | 356 455          | -                |
| Public Contributions and Donations   | (968 655)        | -                |
| Government Grants and Subsidies received   | 30 679 722       | 33 159 397       |
| Government Grants and Subsidies recognised as revenue  | (29 336 100)     | (32 694 690)     |
| Government Grants repaid to National Revenue Fund  | -                | (1 128 000)      |
| Contribution to provisions – Non-Current Provisions  | 655 603          | 699 015          |
| Contribution from/to provisions - Current Employee Benefits  | 45 948           | 176 439          |
| Contribution from/to provisions - Non-Current Employee Benefits  | 167 135          | 188 416          |
| Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses                               | -                | 20 478           |
| Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains                                | (940 486)        | (6 156)          |
| Contribution to provisions – Bad debt  | 4 679 879        | 4 590 511        |
| Bad debts written off  | (1 074 273)      | (1 419 485)      |
| Unamortised Discounts - Interest Paid  | 29 131           | 60 333           |
| Operating lease income accrued   | 3 240            | 2 967            |
| Operating Surplus/(Deficit) before changes in working capital  | 17 807 362       | 6 513 093        |
| Changes in working capital   | (9 282 162)      | (1 506 061)      |
| Increase/(Decrease) in Consumer Deposits   | 42 520           | 57 048           |
| Increase/(Decrease) in Trade and Other Payables  | (3 180 246)      | (1 877 311)      |
| Increase/(Decrease) in Taxes   | 139 547          | 2 127 639        |
| (Increase)/Decrease in Inventory   | (13 562)         | (20 358)         |
| (Increase)/Decrease in Trade Receivables from exchange transactions  | (4 448 552)      | (1 455 480)      |
| (Increase)/Decrease in Other Receivables from non-exchange transactions  | (1 821 869)      | (337 599)        |
| <b>Cash generated/(absorbed) by operations</b>   | <b>8 525 200</b> | <b>5 007 032</b> |
| <b>40. CASH AND CASH EQUIVALENTS</b>   |                  |                  |
| Cash and cash equivalents included in the cash flow statement comprise the following:                            |                  |                  |
| Current Accounts - Note 20   | 501 923          | 269 988          |
| Call Investments Deposits - Note 20  | 3 139 377        | 6 306 674        |
| Cash Floats - Note 20  | 380              | 380              |
| <b>Total cash and cash equivalents</b>   | <b>3 641 680</b> | <b>6 577 042</b> |
| <b>41. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>   |                  |                  |
| Cash and Cash Equivalents - Note 40  | 3 641 680        | 6 577 042        |
| <b>Less:</b>   | (289 547)        | (3 512 850)      |
| Unspent Committed Conditional Grants - Note 9  | (289 547)        | (2 879 143)      |
| Cash Portion of Housing Development Fund - Note 2  |                  | (633 707)        |
| Net cash resources available for internal distribution   | 3 352 133        | 3 064 192        |
| Allocated to:  |                  |                  |
| Capital Replacement Reserve  | (1 537 401)      | (1 003 233)      |
| <b>Resources available for working capital requirements</b>  | <b>1 814 731</b> | <b>2 060 959</b> |
| <b>42. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>   |                  |                  |
| Long-term Liabilities - Note 3   | 1 005 030        | 2 138 841        |
| Used to finance property, plant and equipment - at cos   | (1 005 030)      | (2 138 841)      |
|  | -                | -                |
| Cash set aside for the repayment of long-term liabilities  |                  |                  |
| <b>Cash invested for repayment of long-term liabilities</b>  | <b>-</b>         | <b>-</b>         |
| Long-term liabilities have been utilized in accordance with the Municipal Finance Management                     |                  |                  |

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

43. BUDGET COMPARISONS

|   | 2015<br>Actual<br>R          | 2015<br>Final Budget<br>R    | 2015<br>Variance<br>R          | 2015<br>Variance<br>%          |
|---|------------------------------|------------------------------|--------------------------------|--------------------------------|
| <b>43.1 Operational Budget by Standard Classification</b> |                              |                              |                                |                                |
| <b><u>Revenue - Standard</u></b>                          |                              |                              |                                |                                |
| Governance and Administration                             |                              |                              |                                |                                |
| Executive and council                                     | 1 205 634                    | 1 499 898                    | (294 264)                      | -19.62%                        |
| Budget and Treasury Office                                | 11 009 248                   | 15 906 591                   | (4 897 343)                    | -30.79%                        |
| Corporate Services  | 19 950 188                   | 20 023 747                   | (73 560)                       | -0.37%                         |
| Community and Public Safety                               |                              |                              |                                |                                |
| Community and Social Services                             | 1 391 436                    | 1 287 858                    | 103 578                        | 8.04%                          |
| Sport and Recreation                                      | 1 194 585                    | 1 658 132                    | (463 547)                      | -27.96%                        |
| Public Safety   | -                            | -                            | -                              | -                              |
| Housing   | 14 797                       | 16 000                       | (1 203)                        | -7.52%                         |
| Health  | (3 395)                      | (3 100)                      | (295)                          | 9.51%                          |
| Economic and Environmental Services                       |                              |                              |                                |                                |
| Planning and Development                                  | -                            | -                            | -                              | -                              |
| Road Transport  | 7 243 203                    | 5 109 751                    | 2 133 452                      | 41.75%                         |
| Environmental Protection                                  | -                            | -                            | -                              | -                              |
| Trading Services  |                              |                              |                                |                                |
| Electricity   | 9 079 680                    | 10 568 457                   | (1 488 777)                    | -14.09%                        |
| Water   | 5 973 756                    | 8 062 535                    | (2 088 779)                    | -25.91%                        |
| Waste Water Management                                    | 5 342 371                    | 3 179 777                    | 2 162 594                      | 68.01%                         |
| Waste Management  | 2 915 629                    | 3 245 059                    | (329 430)                      | -10.15%                        |
| Other   | -                            | -                            | -                              | -                              |
| <b>Total Revenue</b>                                      | <b>65 317 132</b>            | <b>70 554 706</b>            | <b>(5 237 573)</b>             | <b>-7.42%</b>                  |
|   | <b>2015<br/>Actual<br/>R</b> | <b>2015<br/>Budget<br/>R</b> | <b>2015<br/>Variance<br/>R</b> | <b>2015<br/>Variance<br/>%</b> |
| <b><u>Expenditure - Standard</u></b>                      |                              |                              |                                |                                |
| Governance and Administration                             |                              |                              |                                |                                |
| Executive and council                                     | (5 746 495)                  | (5 848 253)                  | 101 758                        | -1.74%                         |
| Budget and Treasury Office                                | (3 662 694)                  | (11 435 471)                 | 7 772 777                      | -67.97%                        |
| Corporate Services  | (11 612 276)                 | (12 267 729)                 | 655 453                        | -5.34%                         |
| Community and Public Safety                               |                              |                              |                                |                                |
| Community and Social Services                             | (3 425 175)                  | (3 390 232)                  | (34 943)                       | 1.03%                          |
| Sport and Recreation                                      | (2 590 641)                  | (2 762 659)                  | 172 018                        | -6.23%                         |
| Public Safety   | (59 906)                     | (48 819)                     | (11 087)                       | 22.71%                         |
| Housing   | (198 156)                    | (54 400)                     | (143 756)                      | 264.26%                        |
| Health  | (65 120)                     | (61 824)                     | (3 296)                        | 5.33%                          |
| Economic and Environmental Services                       |                              |                              |                                |                                |
| Planning and Development                                  | -                            | -                            | -                              | -                              |
| Road Transport  | (5 551 927)                  | (5 429 466)                  | (122 461)                      | 2.26%                          |
| Environmental Protection                                  | -                            | -                            | -                              | -                              |
| Trading Services  |                              |                              |                                |                                |
| Electricity   | (11 802 589)                 | (11 830 572)                 | 27 983                         | -0.24%                         |
| Water   | (5 383 690)                  | (3 062 941)                  | (2 320 749)                    | 75.77%                         |
| Waste Water Management                                    | (2 735 400)                  | (1 957 935)                  | (777 465)                      | 39.71%                         |
| Waste Management  | (2 983 723)                  | (2 006 429)                  | (977 294)                      | 48.71%                         |
| Other   | -                            | -                            | -                              | -                              |
| <b>Total Expenditure</b>                                  | <b>(55 817 792)</b>          | <b>(60 156 730)</b>          | <b>4 338 938</b>               | <b>-7.21%</b>                  |
| <b>Surplus/(Deficit) for the year</b>                     | <b>9 499 340</b>             | <b>10 397 976</b>            | <b>(898 636)</b>               | <b>-8.64%</b>                  |
| <b><u>Details of material variances</u></b>               |                              |                              |                                |                                |

Refer to note 45 for explanations.

**RICHTERSVELD MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

|  | <b>2015<br/>Actual<br/>R</b> | <b>2015<br/>Budget<br/>R</b> | <b>2015<br/>Variance<br/>R</b> | <b>2015<br/>Variance<br/>%</b> |
|--|------------------------------|------------------------------|--------------------------------|--------------------------------|
| <b>43.2 Capital Expenditure by Standard Classification</b> |                              |                              |                                |                                |
| Governance and Administration                              |                              |                              |                                |                                |
| Executive and council                                      | 21 097                       | -                            | 21 097                         |                                |
| Budget and Treasury Office                                 | 17 308                       | 30 000                       | (12 692)                       | -42.31%                        |
| Corporate Services   | 324 864                      | 5 000                        | 319 864                        | 6397.29%                       |
| Community and Public Safety                                |                              |                              |                                |                                |
| Community and Social Services                              | 142 406                      | -                            | 142 406                        |                                |
| Sport and Recreation                                       | 145 146                      | 50 000                       | 95 146                         | 190.29%                        |
| Public Safety  | -                            | -                            | -                              |                                |
| Housing  | -                            | 5 000                        | (5 000)                        | -100.00%                       |
| Health   | -                            | -                            | -                              |                                |
| Economic and Environmental Services                        |                              |                              |                                |                                |
| Planning and Development                                   | -                            | -                            | -                              |                                |
| Road Transport   | 7 007 773                    | 7 197 000                    | (189 227)                      | -2.63%                         |
| Environmental Protection                                   | -                            | -                            | -                              |                                |
| Trading Services   |                              |                              |                                |                                |
| Electricity  | -                            | 155 000                      | (155 000)                      | -100.00%                       |
| Water  | 577 292                      | 9 841 000                    | (9 263 708)                    | -94.13%                        |
| Waste Water Management                                     | 2 606 574                    | 2 849 198                    | (242 624)                      | -8.52%                         |
| Waste Management   | -                            | -                            | -                              |                                |
| Other  | -                            | -                            | -                              |                                |
| <b>Total Capital Expenditure</b>                           | <b>10 842 460</b>            | <b>20 132 198</b>            | <b>(9 289 738)</b>             | <b>-46.14%</b>                 |

**Details of material variances**

Refer to note 45 for explanations.

**43.3 Operational Budget by Municipal Vote**

**Revenue - Vote**

|                                    |            |            |             |          |
|------------------------------------|------------|------------|-------------|----------|
| Executive and Council              | 1 205 634  | 1 499 898  | (294 264)   | -20.33%  |
| Council General Expenses           | 1 163 698  | 1 457 898  | (294 200)   | -20.18%  |
| Municipal Manager                  | 41 937     | 42 000     | (63)        | -0.15%   |
| Administration: Corporate          | 21 021 069 | 20 210 686 | 810 382     | 237.75%  |
| Administration.                    | 19 436 543 | 19 056 604 | 379 938     | 1.99%    |
| Health Services                    | (3 395)    | (3 100)    | (295)       | 9.51%    |
| Library                            | 1 063 527  | 992 860    | 70 667      | 7.12%    |
| Offices                            | 524 394    | 164 322    | 360 072     | 219.13%  |
| Administration: Community          | 327 594    | 1 099 661  | (772 067)   | -116.19% |
| Properties                         | (10 749)   | 802 821    | (813 570)   | -101.34% |
| Commonage                          | 336 093    | 288 372    | 47 721      | 16.55%   |
| Cemetery                           | 6 837      | 10 218     | (3 381)     | -33.09%  |
| Housing Scheme 4                   | -          | -          | -           |          |
| Housing Scheme 5                   | 14 797     | 16 000     | (1 203)     | -7.52%   |
| Fire Brigade                       | -          | -          | -           |          |
| Workshop                           | (19 384)   | (17 750)   | (1 634)     | 9.21%    |
| Administration: Sport & Recreation | 1 179 564  | 1 654 540  | (474 976)   | 154.38%  |
| Beaches                            | -          | 370        | (370)       | -100.00% |
| Caravan Park                       | 1 182 407  | 1 643 162  | (460 755)   | -28.04%  |
| Community Gym                      | 9 689      | 7 500      | 2 189       | 29.18%   |
| Museum                             | (15 021)   | (3 592)    | (11 429)    | 318.18%  |
| Recreational Park                  | 2 489      | 7 100      | (4 611)     | -64.94%  |
| Financial Services                 | 11 009 248 | 15 906 591 | (4 897 343) | -66.75%  |
| Administration                     | 2 805 438  | 7 211 068  | (4 405 630) | -61.10%  |
| Assessment Rates                   | 8 203 810  | 8 695 523  | (491 713)   | -5.65%   |

**RICHTERSVELD MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

|                                       | <b>2015<br/>Actual<br/>R</b> | <b>2015<br/>Budget<br/>R</b> | <b>2015<br/>Variance<br/>R</b> | <b>2015<br/>Variance<br/>%</b> |
|---------------------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|
| Infrastructure                        | 30 574 023                   | 30 183 329                   | 390 694                        | 139.73%                        |
| Electricity Service                   | 9 079 680                    | 10 568 457                   | (1 488 777)                    | -14.09%                        |
| Refuse Removal                        | 2 915 629                    | 3 245 059                    | (329 430)                      | -10.15%                        |
| Roads & Storm water                   | 7 216 038                    | 5 101 701                    | 2 114 337                      | 41.44%                         |
| Sewerage Service                      | 5 342 371                    | 3 179 777                    | 2 162 594                      | 68.01%                         |
| Sport Ground                          | -                            | -                            | -                              |                                |
| Vehicle Testing                       | 46 549                       | 25 800                       | 20 749                         | 80.42%                         |
| Water Service                         | 5 973 756                    | 8 062 535                    | (2 088 779)                    | -25.91%                        |
| <b>Total Revenue</b>                  | <b>65 317 132</b>            | <b>70 554 706</b>            | <b>(5 237 573)</b>             | <b>328.59%</b>                 |
| <b><u>Expenditure - Vote</u></b>      |                              |                              |                                |                                |
| Executive and Council                 | (5 746 495)                  | (5 848 253)                  | 101 758                        | -6.72%                         |
| Council General Expenses              | (4 307 635)                  | (4 304 629)                  | (3 006)                        | 0.07%                          |
| Municipal Manager                     | (1 438 859)                  | (1 543 624)                  | 104 765                        | -6.79%                         |
| Administration: Corporate             | (3 891 646)                  | (3 910 780)                  | 19 134                         | -1.93%                         |
| Administration.                       | -                            | -                            | -                              |                                |
| Health Services                       | (65 120)                     | (61 824)                     | (3 296)                        | 5.33%                          |
| Library                               | (3 344 858)                  | (3 326 482)                  | (18 376)                       | 0.55%                          |
| Offices                               | (481 668)                    | (522 474)                    | 40 806                         | -7.81%                         |
| Administration: Community             | (2 806 405)                  | (1 508 657)                  | (1 297 748)                    | 945.91%                        |
| Properties                            | (1 094 326)                  | (247 665)                    | (846 661)                      | 341.86%                        |
| Commonage                             | (18 041)                     | (15 000)                     | (3 041)                        | 20.27%                         |
| Cemetery                              | (29 001)                     | (27 250)                     | (1 751)                        | 6.42%                          |
| Housing Scheme 4                      | (169 222)                    | (27 200)                     | (142 022)                      | 522.14%                        |
| Housing Scheme 5                      | (28 934)                     | (27 200)                     | (1 734)                        | 6.38%                          |
| Fire Brigade                          | (59 906)                     | (48 819)                     | (11 087)                       | 22.71%                         |
| Workshop                              | (1 406 975)                  | (1 115 523)                  | (291 452)                      | 26.13%                         |
| Administration: Sport & Recreation    | (2 612 446)                  | (2 761 789)                  | 149 343                        | 167.14%                        |
| Beaches                               | (80 559)                     | (27 200)                     | (53 359)                       | 196.17%                        |
| Caravan Park                          | (2 279 308)                  | (2 119 661)                  | (159 647)                      | 7.53%                          |
| Community Gym                         | (193 750)                    | (189 316)                    | (4 434)                        | 2.34%                          |
| Museum                                | (33 275)                     | (21 500)                     | (11 775)                       | 54.77%                         |
| Recreational Park                     | (25 554)                     | (404 112)                    | 378 559                        | -93.68%                        |
| Financial Services                    | (13 698 977)                 | (22 933 061)                 | 9 234 084                      | -104.12%                       |
| Administration                        | (12 303 882)                 | (17 256 952)                 | 4 953 070                      | -28.70%                        |
| Assessment Rates                      | (1 395 094)                  | (5 676 109)                  | 4 281 015                      | -75.42%                        |
| Infrastructure                        | (27 061 824)                 | (23 194 190)                 | (3 867 634)                    | 97.60%                         |
| Electricity Service                   | (11 802 589)                 | (11 830 572)                 | 27 983                         | -0.24%                         |
| Refuse Removal                        | (2 983 723)                  | (2 006 429)                  | (977 294)                      | 48.71%                         |
| Roads & Storm water                   | (3 864 185)                  | (3 985 240)                  | 121 055                        | -3.04%                         |
| Sewerage Service                      | (2 735 400)                  | (1 957 935)                  | (777 465)                      | 39.71%                         |
| Sport Ground                          | (11 470)                     | (22 370)                     | 10 900                         | -48.72%                        |
| Vehicle Testing                       | (280 767)                    | (328 703)                    | 47 936                         | -14.58%                        |
| Water Service                         | (5 383 690)                  | (3 062 941)                  | (2 320 749)                    | 75.77%                         |
| <b>Total Expenditure</b>              | <b>(55 817 792)</b>          | <b>(60 156 730)</b>          | <b>4 338 938</b>               | <b>1097.88%</b>                |
| <b>Surplus/(Deficit) for the year</b> | <b>9 499 340</b>             | <b>10 397 976</b>            | <b>(898 636)</b>               | <b>-8.64%</b>                  |

**Details of material variances**

Refer to note 45 for explanations.

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|   | 2015<br>Actual<br>R | 2015<br>Budget<br>R | 2015<br>Variance<br>R | 2015<br>Variance<br>% |
|---|---------------------|---------------------|-----------------------|-----------------------|
| <b>43.4 Capital Expenditure by Municipal Vote</b> |                     |                     |                       |                       |
| Executive and Council                             | 21 097              | -                   | 21 097                | -                     |
| Council General Expenses                          | 21 097              | -                   | 21 097                |                       |
| Municipal Manager                                 | -                   | -                   | -                     |                       |
| Administration: Corporate                         | 467 271             | 35 000              | 432 271               | 828.18%               |
| Administration                                    | 324 864             | 35 000              | 289 864               | 828.18%               |
| Health Services                                   | -                   | -                   | -                     |                       |
| Library   | 142 406             | -                   | 142 406               |                       |
| Offices   | -                   | -                   | -                     |                       |
| Administration: Community                         | -                   | 15 000              | (15 000)              | -200.00%              |
| Properties  | -                   | -                   | -                     |                       |
| Commonage   | -                   | -                   | -                     |                       |
| Cemetery  | -                   | -                   | -                     |                       |
| Housing Scheme 4                                  | -                   | 5 000               | (5 000)               | -100.00%              |
| Housing Scheme 5                                  | -                   | -                   | -                     |                       |
| Fire Brigade                                      | -                   | -                   | -                     |                       |
| Workshop  | -                   | 10 000              | (10 000)              | -100.00%              |
| Administration: Sport & Recreation                | 145 146             | 50 000              | 95 146                | 122.55%               |
| Beaches   | -                   | -                   | -                     |                       |
| Caravan Park                                      | 145 146             | 45 000              | 100 146               | 222.55%               |
| Community Gym                                     | -                   | -                   | -                     |                       |
| Museum  | -                   | -                   | -                     |                       |
| Recreational Park                                 | -                   | 5 000               | (5 000)               | -100.00%              |
| Financial Services                                | 17 308              | -                   | 17 308                | 100.00%               |
| Administration.                                   | 17 308              | -                   | 17 308                | 100.00%               |
| Assessment Rates                                  | -                   | -                   | -                     |                       |
| Infrastructure                                    | 10 191 639          | 20 032 198          | (9 840 559)           | -199.25%              |
| Electricity Service                               | 12 959              | 155 000             | (142 041)             | -91.64%               |
| Refuse Removal                                    | -                   | -                   | -                     |                       |
| Roads & Storm water                               | 7 118 273           | 7 187 000           | (68 727)              | -0.96%                |
| Sewerage Service                                  | 2 496 074           | 2 849 198           | (353 124)             | -12.39%               |
| Sport Ground                                      | -                   | -                   | -                     |                       |
| Vehicle Testing                                   | -                   | -                   | -                     |                       |
| Water Service                                     | 564 332             | 9 841 000           | (9 276 668)           | -94.27%               |
| <b>Total Capital Expenditure</b>                  | <b>10 842 460</b>   | <b>20 132 198</b>   | <b>(9 289 738)</b>    | <b>-46.14%</b>        |

**Details of material variances**

Refer to note 45 for explanations.

**44. BUDGET INFORMATION**

**44.1 Explanation of variances between approved and final budget amounts**

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.

**Explanation of variances greater than 5%: Final Budget and Actual Amounts**

**Statement of Financial Position**

**44.2.1 Current Assets**

Call Investment Deposits

*Spending of prior year Unspent Grants.*

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Consumer Debtors

*Incorrect Budgeting*

Other Debtors

*Incorrect Budgeting*

Current Portion of long-term receivables

*No provision for Current portion of long-term receivables in budget.*

**44.2.2 Non-Current Assets**

Long-term receivables

*No provision for Current portion of long-term receivables in budget.*

Intangible Assets

*Incorrect Budgeting*

**44.2.3 Current Liabilities**

Borrowing

*No provision for Current portion of long-term liabilities in budget.*

Trade and Other Payables

*Grant expenditure paid after year-end.*

Provisions

*Incorrect Budgeting.*

**44.2.4 Non-Current Liabilities**

Borrowing

*Incorrect Budgeting.*

**44.2.5 Net Assets**

Reserves

*Net result of all differences.*

**Statement of Financial Performance**

**44.2.6 Revenue**

Service Charges - Electricity Revenue

*Decrease in Electricity Sales.*

Service Charges - Water Revenue

*Increase in Water Sales*

Service Charges - Sanitation Revenue

*Decrease in Sanitation fees.*

Fines

*Additional fine income received from Provincial Traffic.*

Licences and Permits

*Additional licences issued.*

Transfers Recognised - Operational

*All grants not included in budget.*



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Other Revenue

*Additional land sales during the year.*

Transfers Recognised - Capital

*All grants not included in budget.*

**44.2.7 Expenditure**

Depreciation and Asset Impairment

*Depreciation for donated assets not included in budget.*

Finance Charges

*Interest Paid for Post-retirement Benefits not included in budget.*

Other Expenditure

*All grants not included in budget.*

**Cash Flow Statement**

**44.2.8 Net Cash from Operating Activities**

Ratepayers and other

*Incorrect Budgeting.*

Government - Operating

*Incorrect Budgeting.*

Government - Capital

*Incorrect Budgeting.*

Interest

*Incorrect Budgeting.*

Finance Charges

*Incorrect Budgeting.*

Transfers and Grants

*Incorrect Budgeting.*

**44.2.9 Net Cash from Investing Activities**

Capital Assets

*Incorrect Budgeting.*

**44.2.10 Net Cash from Financing Activities**

Increase/(Decrease) in Consumer Deposits

*Incorrect Budgeting.*

|   | 2015<br>R         | 2014<br>R         |
|---|-------------------|-------------------|
| <b>45. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b> |                   |                   |
| <b>45.1 <u>Unauthorised expenditure</u></b>                                       |                   |                   |
| Reconciliation of unauthorised expenditure:                                       |                   |                   |
| Opening balance   | 31 805 897        | 21 083 426        |
| Unauthorised expenditure current year - operationa                                | 6 562 636         | 4 354 299         |
| Unauthorised expenditure current year - capita                                    | 445 821           | 6 368 173         |
| Approved by Council or condonec   | -                 | -                 |
| Transfer to receivables for recovery  | -                 | -                 |
| Unauthorised expenditure awaiting authorisation                                   | <b>38 814 354</b> | <b>31 805 897</b> |

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  |   | 2015<br>R         | 2014<br>R         |
|--|---|-------------------|-------------------|
| Unauthorised expenditure can be summarised as follow |   |                   |                   |
| Incident   | Disciplinary steps/criminal proceedings |                   |                   |
| Over expenditure of approved operating budget - 2011 | None                                    | 8 326 343         | 8 326 343         |
| Over expenditure of approved capital budget - 2011   | None                                    | 5 601 856         | 5 601 856         |
| Over expenditure of approved operating budget - 2012 | None                                    | 48 113            | 48 113            |
| Over expenditure of approved capital budget - 2012   | None                                    | 430 587           | 430 587           |
| Over expenditure of approved operating budget - 2013 | None                                    | 2 219 133         | 2 219 133         |
| Over expenditure of approved capital budget - 2013   | None                                    | 4 457 394         | 4 457 394         |
| Over expenditure of approved operating budget - 2014 | None                                    | 4 354 299         | 4 354 299         |
| Over expenditure of approved capital budget - 2014   | None                                    | 6 368 173         | 6 368 173         |
| Over expenditure of approved operating budget - 2015 | None                                    | 6 562 636         | -                 |
| Over expenditure of approved capital budget - 2015   | None                                    | 445 821           | -                 |
|  |   | <b>38 814 354</b> | <b>31 805 897</b> |

**45.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

|  |                |               |
|--|----------------|---------------|
| Opening balance  | 33 041         | 14 017        |
| Fruitless and wasteful expenditure current year        | 91 315         | 19 024        |
| Condoned or written off by Council                     | -              | -             |
| Transfer to receivables for recovery - not condoned    | -              | -             |
| Fruitless and wasteful expenditure awaiting condonemen | <b>124 356</b> | <b>33 041</b> |

Fruitless and wasteful expenditure can be summarised as follow

| Incident  | Disciplinary steps/criminal proceedings |                |               |
|---|---|----------------|---------------|
| Interest and Penalties Paid to SARS on late payment of employee tax - R115                                  | None                                    | 115            | 115           |
| Interest Paid to Eskom - R13 902  | None                                    | 13 902         | 13 902        |
| Interest Paid to Creditors - R6 331   | None                                    | 6 331          | 6 331         |
| Interest and Penalties Paid to SARS on late payment of VAT - R12 693  | None                                    | 12 693         | 12 693        |
| Power failure caused damages to lobster and abalone at the Port Lobster fishing factory                     | None                                    | 25 000         | -             |
| Official responsible for preparation of orders failed to supply order to ensure timeous payment of creditor | None                                    | 65             | -             |
| Official responsible for preparation of orders failed to supply order to ensure timeous payment of creditor | None                                    | 224            | -             |
| Interest Paid to Creditors - R12 760  | None                                    | 66 025         | -             |
|   |   | <b>124 356</b> | <b>33 041</b> |

**45.3 Irregular expenditure**

Reconciliation of irregular expenditure:

|   |                   |                   |
|---|-------------------|-------------------|
| Opening balance                                     | 32 298 976        | 32 298 976        |
| Irregular expenditure current year                  | -                 | -                 |
| Condonement supported by council                    | -                 | -                 |
| Transfer to receivables for recovery - not condoned | -                 | -                 |
| Irregular expenditure awaiting further action       | <b>32 298 976</b> | <b>32 298 976</b> |

|   |                   |                   |
|---|-------------------|-------------------|
| Irregular expenditure awaiting condonement from National Treasury | <b>43 544 327</b> | <b>43 338 403</b> |
|---|-------------------|-------------------|

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  |   | 2015<br>R         | 2014<br>R         |
|--|---|-------------------|-------------------|
| Irregular expenditure can be summarised as follow:   |   |                   |                   |
| Incident   | Disciplinary steps/criminal proceedings |                   |                   |
| Non compliance with Supply Chain Management Policy - Three written quotations not obtained and incomplete registration forms                     | To be investigated                      | 16 460 016        | 16 460 016        |
| Non compliance of tenders with Supply Chain Management Policy  | To be investigated                      | 24 880 494        | 24 880 494        |
| Non compliance with Supply Chain Management Policy - Supplier in service of state  | To be investigated                      | 506 874           | 506 874           |
| Non compliance with Supply Chain Management Policy - Contracts awarded not published on website  | To be investigated                      | 1 487 349         | 1 487 349         |
| Non compliance with Supply Chain Management Policy - Deviation not reported to council   | To be investigated                      | 3 670             | 3 670             |
| Due to bad planning training provider was appointed to provide training to Municipal Officials as described in the 2013/14 Workplace Skills Plan | None                                    | 205 924           | -                 |
|  |   | <u>43 544 327</u> | <u>43 338 403</u> |

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

Possible irregular expenditure, pending an investigation, occurred during the year

| Incident  | Disciplinary steps/criminal proceedings |                  |          |
|---|---|------------------|----------|
| Deviations from the Supply Chain regulations - 3 Quotations not obtained, No Original Tax Clearance Certificate, No declaration of interest and Preferential Procurement Policy Framework Act not followed - 2015 | None                                    | 3 523 738        | -        |
| Employee Related Cost - employees acting as CFO for longer than 3 months - 2015   | None                                    | 140 781          | -        |
| Employee Related Cost - appointments made not on organogram - 2015  | None                                    | 1 251 121        | -        |
|   |   | <u>4 915 640</u> | <u>-</u> |

46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

46.1 **Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)**

|   |           |           |
|---|-----------|-----------|
| Opening balance                               | -         | -         |
| Council subscriptions                         | 500 000   | 454 000   |
| Amount paid - current year                    | (500 000) | (454 000) |
| Amount paid - previous years                  | -         | -         |
| <b>Balance unpaid (included in creditors)</b> | <u>-</u>  | <u>-</u>  |

46.2 **Audit fees - [MFMA 125 (1)(c)]**

|   |                |                  |
|---|----------------|------------------|
| Opening balance                               | 1 599 382      | 410 042          |
| Current year audit fee                        | 1 930 204      | 2 221 759        |
| Amount paid - current year                    | (1 288 809)    | (622 378)        |
| Amount paid - previous year                   | (1 599 382)    | (410 042)        |
| <b>Balance unpaid (included in creditors)</b> | <u>641 395</u> | <u>1 599 382</u> |

46.3 **VAT - [MFMA 125 (1)(c)]**

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year. The net of VAT Input Payables and VAT Output Receivables are shown in Note 10.

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|   | 2015<br>R      | 2014<br>R      |
|---|----------------|----------------|
| <b>46.4 PAYE and UIF - [MFMA 125 (1)(c)]</b>  |                |                |
| Opening balance                               | 127 325        | 99 429         |
| Current year payroll deductions               | 2 034 147      | 1 630 461      |
| Amount paid - current year                    | (1 862 568)    | (1 503 136)    |
| Amount paid - previous year                   | (127 325)      | (99 429)       |
| <b>Balance unpaid (included in creditors)</b> | <b>171 579</b> | <b>127 325</b> |

|  |                |                |
|--|----------------|----------------|
| <b>46.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b> |                |                |
| Opening balance  | 166 469        | 161 726        |
| Current year payroll deductions and Council Contributions          | 3 972 287      | 3 724 618      |
| Amount paid - current year   | (3 793 778)    | (3 558 149)    |
| Amount paid - previous year  | (166 469)      | (161 726)      |
| <b>Balance unpaid (included in creditors)</b>                      | <b>178 509</b> | <b>166 469</b> |

**46.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**

None of the councillors had arrear accounts for more than 90 days on 30 June 2015.

None of the Councillors had arrear accounts outstanding for more than 90 days during the year.

**46.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005**

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

|           | Amount           | Single<br>Supplier | Type of Deviation |             |           |
|-----------|------------------|--------------------|-------------------|-------------|-----------|
|           |                  |                    | Impossible        | Impractical | Emergency |
| July      | 6 800            | -                  | -                 | 2           | -         |
| August    | 44 766           | 2                  | -                 | 2           | -         |
| September | 213 224          | -                  | -                 | 3           | -         |
| October   | 67 787           | 1                  | -                 | 10          | -         |
| November  | 185 681          | -                  | -                 | 19          | -         |
| December  | 268 714          | -                  | 1                 | 12          | -         |
| January   | 109 149          | -                  | -                 | 6           | -         |
| February  | 7 600            | -                  | -                 | 2           | -         |
| March     | 288 934          | -                  | -                 | 4           | -         |
| April     | 513 828          | -                  | 2                 | 2           | -         |
| May       | 7 000            | -                  | 1                 | -           | -         |
| June      | 1 550 730        | 1                  | 4                 | 10          | 1         |
|           | <b>3 264 212</b> | <b>4</b>           | <b>8</b>          | <b>72</b>   | <b>1</b>  |

**46.8 Material losses**

**Electricity distribution losses**

|                                      |           |           |
|--------------------------------------|-----------|-----------|
| Units purchased (Kwh)                | 9 759 783 | 9 562 799 |
| Units lost during distribution (Kwh) | 640 955   | 546 914   |
| Percentage lost during distribution  | 6.57%     | 5.72%     |
| Distribution loss (Rand Value)       | 309 906   | 227 407   |

**Water distribution losses**

|                                     |         |         |
|-------------------------------------|---------|---------|
| Units purchased (ml)                | 438 230 | 438 390 |
| Units lost during distribution (ml) | 171 041 | 64 306  |
| Percentage lost during distribution | 39.03%  | 14.67%  |
| Distribution loss (Rand Value)      | 470 363 | 176 842 |

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|   | 2015<br>R        | 2014<br>R         |
|---|------------------|-------------------|
| <b>47. CAPITAL COMMITMENTS</b>                        |                  |                   |
| <b>Commitments in respect of capital expenditure:</b> |                  |                   |
| Approved and contracted for:                          | 2 650 925        | 10 232 449        |
| Infrastructure  | 2 650 925        | 10 207 701        |
| Community   | -                | 24 749            |
| Other   | -                | -                 |
| <b>Total</b>  | <b>2 650 925</b> | <b>10 232 449</b> |
| <br>This expenditure will be financed from:           |                  |                   |
| External Loans  | -                | -                 |
| Capital Replacement Reserve                           | -                | -                 |
| Government Grants                                     | 2 650 925        | 10 232 449        |
| Own Resources   | -                | -                 |
| District Council Grants                               | -                | -                 |
| <b>Total</b>  | <b>2 650 925</b> | <b>10 232 449</b> |

**48. FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price Risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

|  |          |          |
|--|----------|----------|
| 1% (2014: 1%) Increase in interest rates | 26 363   | 44 378   |
| 1% (2014: 1%) Decrease in interest rates | (26 363) | (44 378) |

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

|                                 | 2015<br>% | 2015<br>R  | 2014<br>% | 2014<br>R  |
|---------------------------------|-----------|------------|-----------|------------|
| <u>Non-exchange Receivables</u> |           |            |           |            |
| Rates                           | 100.00%   | 8 451 174  | 100.00%   | 6 572 615  |
| <u>Exchange Receivables</u>     |           |            |           |            |
| Electricity                     | 7.16%     | 2 783 204  | 6.00%     | 1 984 971  |
| Water                           | 32.51%    | 12 638 098 | 32.38%    | 10 717 063 |
| Housing Rentals                 | 0.58%     | 223 688    | 0.64%     | 212 111    |
| Refuse                          | 22.47%    | 8 737 143  | 20.92%    | 6 924 852  |
| Sewerage                        | 19.51%    | 7 586 553  | 20.37%    | 6 742 706  |
| Other                           | 17.77%    | 6 908 551  | 19.69%    | 6 518 310  |
|                                 | 100.00%   | 38 877 237 | 100.00%   | 33 100 014 |

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

|                                 | 2015<br>% | 2015<br>R  | 2014<br>% | 2014<br>R  |
|---------------------------------|-----------|------------|-----------|------------|
| <u>Non-exchange Receivables</u> |           |            |           |            |
| Rates                           | 17.05%    | 7 380 839  | 16.57%    | 6 572 615  |
| <u>Exchange Receivables</u>     |           |            |           |            |
| Services                        | 82.95%    | 35 914 573 | 83.43%    | 33 100 014 |
|                                 | 100.00%   | 43 295 411 | 100.00%   | 39 672 628 |

|   | Exchange<br>Receivables | Non-<br>exchange<br>Receivables |
|---|-------------------------|---------------------------------|
| <u>Ageing of amounts past due but not impaired are as follow:</u> |                         |                                 |
| <b>2015</b>   |                         |                                 |
| 1 month past due  | -                       | -                               |
| 2+ months past due  | -                       | -                               |
|   | -                       | -                               |
| <b>2014</b>   |                         |                                 |
| 1 month past due  | -                       | (46 977)                        |
| 2+ months past due  | -                       | -                               |
|   | -                       | (46 977)                        |

Bad debts written-off per receivable class:

**RICHTERSVELD MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

|                                 | <b>2015<br/>%</b> | <b>2015<br/>R</b> | <b>2014<br/>%</b> | <b>2014<br/>R</b> |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| <u>Non-exchange Receivables</u> |                   |                   |                   |                   |
| Rates                           | 0.33%             | 142 565           | 0.13%             | 51 261            |
| <u>Exchange Receivables</u>     |                   |                   |                   |                   |
| Services                        | 2.15%             | 931 708           | 3.45%             | 1 368 224         |
|                                 | <u>2.48%</u>      | <u>1 074 273</u>  | <u>3.58%</u>      | <u>1 419 485</u>  |

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

|   | <b>2015<br/>R</b> | <b>2014<br/>R</b> |
|---|-------------------|-------------------|
| Financial assets exposed to credit risk at year end are as follows: |                   |                   |
| Long-term Receivables   | 194 519           | 205 333           |
| Receivables from exchange transactions                              | 38 877 237        | 34 428 685        |
| Cash and Cash Equivalents   | 3 641 300         | 6 576 662         |
|   | <u>42 713 056</u> | <u>41 210 680</u> |

**(e) Liquidity Risk**

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

|  | <b>Less than 1<br/>year</b> | <b>Between 1<br/>and 5 years</b> | <b>Between 5<br/>and 10 years</b> | <b>More than 10<br/>years</b> |
|--|-----------------------------|----------------------------------|-----------------------------------|-------------------------------|
| <b>2015</b>                                    |                             |                                  |                                   |                               |
| Long-term Liabilities                          | 784 133                     | 310 309                          | -                                 | -                             |
| Provision for Rehabilitation of Landfill-sites | -                           | -                                | -                                 | 24 252 063                    |
| Trade and Other Payables                       | 4 586 863                   | -                                | -                                 | -                             |
|  | <u>5 370 995</u>            | <u>310 309</u>                   | <u>-</u>                          | <u>24 252 063</u>             |

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| 2014   | Less than 1<br>year | Between 1<br>and 5 years | Between 5<br>and 10 years | More than 10<br>years |
|--|---------------------|--------------------------|---------------------------|-----------------------|
| Long-term Liabilities                          | 1 323 464           | 1 085 359                | -                         | -                     |
| Provision for Rehabilitation of Landfill-sites | -                   | -                        | -                         | 24 252 063            |
| Trade and Other Payables                       | 5 935 419           | -                        | -                         | -                     |
|  | <u>7 258 884</u>    | <u>1 085 359</u>         | <u>-</u>                  | <u>24 252 063</u>     |

2015  
R

2014  
R

49. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

49.1 Financial Assets

Classification

**Long-term Receivables**

|               |   |         |         |
|---------------|---|---------|---------|
| Housing Loans | Financial Instruments at amortised cost | 194 519 | 205 333 |
|---------------|---|---------|---------|

**Receivables from Exchange Transactions**

|                 |   |            |            |
|-----------------|---|------------|------------|
| Electricity     | Financial Instruments at amortised cost | 2 783 204  | 1 984 971  |
| Water           | Financial Instruments at amortised cost | 12 638 098 | 10 717 063 |
| Housing Rentals | Financial Instruments at amortised cost | 223 688    | 212 111    |
| Refuse          | Financial Instruments at amortised cost | 8 737 143  | 6 924 852  |
| Sewerage        | Financial Instruments at amortised cost | 7 586 553  | 6 742 706  |
| Other Arrears   | Financial Instruments at amortised cost | 6 908 551  | 6 518 310  |

**Cash and Cash Equivalents**

|               |   |           |           |
|---------------|---|-----------|-----------|
| Bank Balances | Financial Instruments at amortised cost | 501 923   | 269 988   |
| Call Deposits | Financial Instruments at amortised cost | 3 139 377 | 6 306 674 |

**Total Financial Assets**

42 713 056

39 882 009

**SUMMARY OF FINANCIAL ASSETS**

**Financial Instruments at amortised cost:**

|  |                 |            |            |
|--|-----------------|------------|------------|
| Long-term Receivables                  | Housing Loans   | 194 519    | 205 333    |
| Receivables from Exchange Transactions | Electricity     | 2 783 204  | 1 984 971  |
| Receivables from Exchange Transactions | Water           | 12 638 098 | 10 717 063 |
| Receivables from Exchange Transactions | Housing Rentals | 223 688    | 212 111    |
| Receivables from Exchange Transactions | Refuse          | 8 737 143  | 6 924 852  |
| Receivables from Exchange Transactions | Sewerage        | 7 586 553  | 6 742 706  |
| Receivables from Exchange Transactions | Other Arrears   | 6 908 551  | 6 518 310  |
| Cash and Cash Equivalents              | Bank Balances   | 501 923    | 269 988    |
| Cash and Cash Equivalents              | Call Deposits   | 3 139 377  | 6 306 674  |

42 713 056

39 882 009

**Total Financial Assets**

42 713 056

39 882 009

49.2 Financial Liabilities

Classification

**Long-term Liabilities**

|                             |   |         |           |
|-----------------------------|---|---------|-----------|
| Annuity Loans               | Financial Instruments at amortised cost | 364 462 | 1 041 149 |
| Capitalised Lease Liability | Financial Instruments at amortised cost | 640 569 | 1 097 692 |

**Trade and Other Payables**

|                              |   |                  |                  |
|------------------------------|---|------------------|------------------|
| Trade Creditors              | Financial Instruments at amortised cost | 2 926 679        | 4 758 975        |
| Payments received in advance | Financial Instruments at amortised cost | 542 938          | 442 488          |
| Retentions                   | Financial Instruments at amortised cost | 754 289          | 460 987          |
| Sundry Deposits              | Financial Instruments at amortised cost | 63 156           | 5 231            |
| Other Creditors              | Financial Instruments at amortised cost | 299 801          | 267 738          |
|                              |   | <u>5 591 893</u> | <u>8 074 261</u> |



**RICHTERSVELD MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

|   |                              | <b>2015</b>      | <b>2014</b>      |
|---|------------------------------|------------------|------------------|
|   |                              | <b>R</b>         | <b>R</b>         |
| <b>SUMMARY OF FINANCIAL LIABILITIES</b>         |                              |                  |                  |
| <b>Financial instruments at amortised cost:</b> |                              |                  |                  |
| Long-term Liabilities                           | Annuity Loans                | 364 462          | 1 041 149        |
| Long-term Liabilities                           | Capitalised Lease Liability  | 640 569          | 1 097 692        |
| Trade and Other Payables                        | Trade Creditors              | 2 926 679        | 4 758 975        |
| Trade and Other Payables                        | Payments received in advance | 542 938          | 442 488          |
| Trade and Other Payables                        | Retentions                   | 754 289          | 460 987          |
| Trade and Other Payables                        | Sundry Deposits              | 63 156           | 5 231            |
| Trade and Other Payables                        | Other Creditors              | 299 801          | 267 738          |
| <b>Total Financial Liabilities</b>              |                              | <b>5 591 893</b> | <b>8 074 261</b> |

**50. EVENTS AFTER THE REPORTING DATE**

The Municipality is not aware of any events after the reporting date.

**51. IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any in-kind donations or assistance during the year under review.

**52. CONTINGENT ASSET**

The Council of the previous Port Nolloth Municipality has entered into an agreement with Aukwatowa (Pty) Ltd on 15 September 2000 to create a residential development (Kai-Kai).

Paragraph 7 of the agreement states that Aukwatowa (Pty) Ltd has the sole discretion to decide on the format of the development, funds required for the development and to manage and conduct the affairs of the development and do whatever necessary to advance the project.

Paragraph 8 of the agreement states the Aukwatowa (Pty) Ltd shall recover any costs payable by the municipality from the Municipality's portion of the profit.

Paragraph 14 of the agreement states that the municipality only share in the profits of the joint venture and the profit of the joint venture shall be calculated upon the sale and transfer of the last stand in the development. Paragraph 14 of the agreement also states that Aukwatowa (Ptyd) Ltd shall provide the municipality with accounting reports upon the sale and transfer of the last stand in the development. Currently, only 54 of 151 have been sold. Profits are to be shared in equal proportions.

From the above mentioned paragraphs, it is clear that the Richtersveld Municipality has no control over the Kai-Kai Development. The Municipality's share in the investment therefore does not meet the definition of an asset as defined in GRAP 1. It is also unclear if the Municipality has receive any economic benefits from the development till date, as only a portion of the plots have been sold, limited houses were erected and the current economic climate is negative for investors in the property market.

**53. CONTINGENT LIABILITY**

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

|                        |                |                   |
|------------------------|----------------|-------------------|
| Sightfull 1235 CC      | 353 735        | 12 581 065        |
| N7 Tata Werkswinkel CC | 17 330         | 29 128            |
| Port Lobster           | -              | 25 000            |
| JM van Baalen          | 11 245         | -                 |
| IG Valentein           | 91 200         | -                 |
|                        | <b>473 509</b> | <b>12 635 193</b> |

The Categorisation and Job Evaluation Wage Curves Collective Agreement became effective on 1 July 2010. Hereby all employees (excluding Municipal Manager, Section 57 Managers and contractual employees) are to receive new wage rates as a result of their jobs being evaluated as per the TASK Job Evaluation System and published by SALGBC. Qualifying employees will receive back pay for 9 months once a Final Outcome Report is received, as per clause 7.2.6 of the Collective Agreement. Till date, no Final Outcome Report has been received.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

54. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

54.1 Related Party Transactions

|  | Rates         | Service Charges | Other    | Outstanding Balance |
|--|---------------|-----------------|----------|---------------------|
| <b>Year ended 30 June 2015</b>             |               |                 |          |                     |
| Councillors                                |               |                 |          |                     |
| AM Jansen                                  | 9 999         | 25 881          | -        | 1 857               |
| LR Ambrosini                               | 3401.89       | 17 338          | -        | 1 016               |
| G Beukes                                   | 417           | 4 169           | -        | 916                 |
| CF Richter                                 | 8 736         | 8 491           | -        | 244                 |
| E Hausiku                                  | 529           | 3 484           | -        | 365                 |
| T Swartbooi                                | 695           | 2 437           | -        | 189                 |
| R Jonker                                   | 4 195         | 5 586           | -        | 759                 |
|  | <b>27 974</b> | <b>67 386</b>   | <b>-</b> | <b>5 346</b>        |
|  |               |                 |          |                     |
|  | Rates         | Service Charges | Other    | Outstanding Balance |
| Municipal Manager and Section 57 Employees |               |                 |          |                     |
| DA Farmer                                  | -             | 13 892          | -        | 1 657               |
| E Cloete                                   | -             | 21 383          | -        | 2 042               |
| S Adams                                    | -             | 4 159           | -        | -                   |
|  | <b>-</b>      | <b>39 434</b>   | <b>-</b> | <b>3 699</b>        |
|  |               |                 |          |                     |
|  | Rates         | Service Charges | Other    | Outstanding Balance |
| <b>Year ended 30 June 2014</b>             |               |                 |          |                     |
| Councillors                                |               |                 |          |                     |
| AM Jansen                                  | 9 972         | 25 520          | -        | (266)               |
| LR Ambrosini                               | 3 329         | 15 726          | -        | 2 146               |
| G Beukes                                   | 584           | 3 029           | -        | -                   |
| CF Richter                                 | 8 052         | 8 660           | -        | (270)               |
| E Hausiku                                  | 488           | 2 302           | -        | -                   |
| T Swartbooi                                | 599           | 2 116           | -        | -                   |
| R Jonker                                   | 3 866         | 5 486           | -        | 693                 |
|  | <b>26 890</b> | <b>62 839</b>   | <b>-</b> | <b>2 302</b>        |
|  |               |                 |          |                     |
|  | Rates         | Service Charges | Other    | Outstanding Balance |
| Municipal Manager and Section 57 Employees |               |                 |          |                     |
| DA Farmer                                  | 619           | 12 873          | -        | (3 346)             |
| E Cloete                                   | -             | 19 197          | -        | -                   |
| H Cloete                                   | 287           | 5 994           | -        | (213)               |
| S Adams                                    | -             | 6 932           | -        | 368                 |
| IG Valentein                               | -             | 6 109           | -        | (91)                |
|  | <b>906</b>    | <b>51 104</b>   | <b>-</b> | <b>(3 283)</b>      |

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

54.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

54.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

|  |               | 2015<br>R      | 2014<br>R      |
|--|---------------|----------------|----------------|
| <b>54.4 Other related party transactions</b>   |               |                |                |
| The following purchases were made during the year where Councillors or staff have an interest: |               |                |                |
| <u>Councillor/Staff Member</u>   | <u>Entity</u> |                |                |
| M Losper   | EC Losper     | 149 291        | 245 885        |
| L Cloete   | MC Cloete     | 4 700          | 17 000         |
| L Phillips   | D Forbes      | 6 150          | 11 810         |
|  |               | <b>160 141</b> | <b>274 695</b> |

**55. PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

**56. FINANCIAL SUSTAINABILITY**

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

## 12. PROPERTY, PLANT AND EQUIPMENT

### 12.1 30 JUNE 2015

| Reconciliation of Carrying Value                      |                |             |                     |                |                      |             |              |              |
|---|----------------|-------------|---------------------|----------------|----------------------|-------------|--------------|--------------|
|   | Buildings<br>R | Land<br>R   | Infrastructure<br>R | Community<br>R | Lease<br>Assets<br>R | Other<br>R  | Housing<br>R | Total<br>R   |
| Carrying value at 1 July 2014                         | 5 924 866      | 42 248 356  | 59 266 295          | 10 083 476     | 1 246 151            | 2 999 498   | 264 468      | 122 033 110  |
| <b>Cost</b>   | 11 100 509     | 43 773 800  | 104 233 865         | 15 509 576     | 2 691 517            | 9 384 597   | 583 200      | 187 277 065  |
| Original Cost   | 11 100 509     | 43 773 800  | 104 233 865         | 15 509 576     | 2 691 517            | 9 384 597   | 583 200      | 187 277 065  |
| <b>Accumulated Depreciation and Impairment Losses</b> | (5 175 643)    | (1 525 444) | (44 967 570)        | (5 426 100)    | (1 445 367)          | (6 385 099) | (318 732)    | (65 243 955) |
| Original Cost   | (5 175 643)    | (1 525 444) | (44 967 570)        | (5 426 100)    | (1 445 367)          | (6 385 099) | (318 732)    | (65 243 955) |
| <b>Acquisitions</b>                                   | 795            | -           | 2 320 163           | 110 500        | 12 101               | 617 987     | -            | 3 061 546    |
| <b>Capital under Construction</b>                     | -              | -           | 8 223 577           | -              | -                    | -           | -            | 8 223 577    |
| <b>Depreciation</b>                                   | (214 083)      | -           | (2 784 090)         | (520 633)      | (349 428)            | (470 897)   | (6 429)      | (4 345 560)  |
| Normal Depreciation                                   | (214 083)      | -           | (2 784 090)         | (520 633)      | (349 428)            | (470 897)   | (6 429)      | (4 345 560)  |
| Backlog Depreciation previously not recorded          | -              | -           | -                   | -              | -                    | -           | -            | -            |
| <b>Carrying value of disposals</b>                    | -              | -           | -                   | -              | (8 170)              | -           | -            | (8 170)      |
| Cost  | -              | -           | -                   | -              | (16 481)             | -           | -            | (16 481)     |
| Accumulated Depreciation                              | -              | -           | -                   | -              | 8 311                | -           | -            | 8 311        |
| <b>Impairment losses</b>                              | -              | -           | (26 161)            | -              | -                    | (330 294)   | -            | (356 455)    |
| Accumulated Impairment Loss                           | -              | -           | (26 161)            | -              | -                    | (330 294)   | -            | (356 455)    |
| <b>Carrying value at 30 June 2015</b>                 | 5 711 578      | 42 248 356  | 66 999 785          | 9 673 344      | 900 654              | 2 816 294   | 258 039      | 128 608 049  |
| <b>Cost</b>   | 11 101 304     | 43 773 800  | 114 777 605         | 15 620 076     | 2 687 138            | 10 002 584  | 583 200      | 198 545 707  |
| Original Cost   | 11 101 304     | 43 773 800  | 114 777 605         | 15 620 076     | 2 687 138            | 10 002 584  | 583 200      | 198 545 707  |
| <b>Accumulated Depreciation and Impairment Losses</b> | (5 389 726)    | (1 525 444) | (47 777 821)        | (5 946 733)    | (1 786 484)          | (7 186 290) | (325 161)    | (69 937 658) |
| Original Cost   | (5 389 726)    | (1 525 444) | (47 777 821)        | (5 946 733)    | (1 786 484)          | (7 186 290) | (325 161)    | (69 937 658) |

## 12.2 30 JUNE 2014

| Reconciliation of Carrying Value                      |                |             |                     |                |                      |             |              |              |
|---|----------------|-------------|---------------------|----------------|----------------------|-------------|--------------|--------------|
|   | Buildings<br>R | Land        | Infrastructure<br>R | Community<br>R | Lease<br>Assets<br>R | Other<br>R  | Housing<br>R | Total<br>R   |
| <b>Carrying value at 1 July 2013</b>                  | 5 818 348      | 42 248 356  | 56 062 779          | 10 706 773     | 1 632 714            | 3 537 539   | 271 476      | 120 277 985  |
| <b>Cost</b>   | 10 765 623     | 43 773 800  | 97 944 807          | 15 509 576     | 2 691 517            | 9 222 743   | 583 200      | 180 491 267  |
| Original Cost   | 5 785 043      | 35 697 750  | 97 944 807          | 15 509 576     | 2 691 517            | 9 222 480   | 583 200      | 167 434 374  |
| Correction of Error - Note 38.6                       | 4 980 580      | 8 076 050   | -                   | -              | -                    | 263         | -            | 13 056 893   |
| <b>Accumulated Depreciation and Impairment Losses</b> | (4 947 275)    | (1 525 444) | (41 882 028)        | (4 802 804)    | (1 058 803)          | (5 685 204) | (311 724)    | (60 213 282) |
| Original Cost   | (4 946 496)    | (1 525 444) | (41 404 578)        | (4 802 804)    | (1 058 803)          | (5 673 301) | (311 724)    | (59 723 151) |
| Correction of Error - Note 38.6                       | (779)          | -           | (477 450)           | -              | -                    | (11 903)    | -            | (490 131)    |
| <b>Acquisitions</b>                                   | 334 886        | -           | 813 560             | -              | -                    | 168 064     | -            | 1 316 509    |
| <b>Capital under Construction</b>                     | -              | -           | 5 475 498           | -              | -                    | -           | -            | 5 475 498    |
| <b>Carrying value of disposals</b>                    | -              | -           | 313 364             | -              | -                    | (38 760)    | -            | 274 604      |
| Cost  | -              | -           | -                   | -              | -                    | (6 209)     | -            | (6 209)      |
| Accumulated Depreciation                              | -              | -           | 313 364             | -              | -                    | (32 550)    | -            | 280 813      |
| <b>Depreciation</b>                                   | (228 368)      | -           | (3 398 906)         | (623 296)      | (386 564)            | (667 345)   | (7 008)      | (5 311 485)  |
| Normal Depreciation                                   | (209 209)      | -           | (2 679 504)         | (576 709)      | (355 261)            | (621 764)   | (6 432)      | (4 448 879)  |
| Correction of Error - Note 39.3                       | (19 159)       | -           | (719 402)           | (46 587)       | (31 303)             | (45 581)    | (576)        | (862 607)    |
| <b>Impairment losses</b>                              | -              | -           | -                   | -              | -                    | -           | -            | -            |
| Cost  | -              | -           | -                   | -              | -                    | -           | -            | -            |
| Accumulated Depreciation                              | -              | -           | -                   | -              | -                    | -           | -            | -            |
| Change in Provision for Rehabilitation Cost - IGRAP 2 | -              | -           | -                   | -              | -                    | -           | -            | -            |
| <b>Carrying value at 30 June 2014</b>                 | 5 924 866      | 42 248 356  | 59 266 295          | 10 083 476     | 1 246 151            | 2 999 498   | 264 468      | 122 033 110  |
| <b>Cost</b>   | 11 100 509     | 43 773 800  | 104 233 865         | 15 509 576     | 2 691 517            | 9 384 597   | 583 200      | 187 277 065  |
| Original Cost   | 11 100 509     | 43 773 800  | 104 233 865         | 15 509 576     | 2 691 517            | 9 384 597   | 583 200      | 187 277 065  |
| <b>Accumulated Depreciation and Impairment Losses</b> | (5 175 643)    | (1 525 444) | (44 967 570)        | (5 426 100)    | (1 445 367)          | (6 385 099) | (318 732)    | (65 243 955) |
| Original Cost   | (5 175 643)    | (1 525 444) | (44 967 570)        | (5 426 100)    | (1 445 367)          | (6 385 099) | (318 732)    | (65 243 955) |

**APPENDIX A**  
**RICHTERSVELD MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015**

| <b>EXTERNAL LOANS</b>          | <b>Rate</b> | <b>Loan Number</b> | <b>Redeemable</b> | <b>Balance at 30 June 2014</b> | <b>Correction of Error</b> | <b>Received during the period</b> | <b>Redeemed written off during the period</b> | <b>Balance at 30 June 2015</b> |
|--------------------------------|-------------|--------------------|-------------------|--------------------------------|----------------------------|-----------------------------------|---|--------------------------------|
| <b>ANNUITY LOANS</b>           |             |                    |                   |                                |                            |                                   |   |                                |
| DBSA                           | 10.00%      | 101910             | 31/12/2015        | 1 041 149                      | -                          | -                                 | (676 688)                                     | 364 462                        |
| <b>Total Annuity Loans</b>     |             |                    |                   | 1 041 149                      | -                          | -                                 | (676 688)                                     | 364 462                        |
| <b>LEASE LIABILITY</b>         |             |                    |                   |                                |                            |                                   |   |                                |
| Office Equipment               |             | Various            | 30/04/2017        | 184 956                        | -                          | 12 101                            | (69 342)                                      | 127 714                        |
| Vehicles                       |             | Various            | 31/03/2017        | 902 633                        | -                          | -                                 | (389 779)                                     | 512 854                        |
| Data Contracts                 |             | Various            | 30/09/2014        | 10 104                         | -                          | -                                 | (10 104)                                      | -                              |
| <b>Total Lease Liabilities</b> |             |                    |                   | 1 097 692                      | -                          | 12 101                            | (469 225)                                     | 640 569                        |
| <b>TOTAL EXTERNAL LOANS</b>    |             |                    |                   | 2 138 841                      | -                          | 12 101                            | (1 145 912)                                   | 1 005 030                      |

**APPENDIX B**  
**RICHTERSVELD MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

| 2014<br>Actual<br>Income<br>R | 2014<br>Actual<br>Expenditure<br>R | 2014<br>Surplus/<br>(Deficit)<br>R |                                 | 2015<br>Actual<br>Income<br>R | 2015<br>Actual<br>Expenditure<br>R | 2015<br>Surplus/<br>(Deficit)<br>R |
|-------------------------------|------------------------------------|------------------------------------|---------------------------------|-------------------------------|------------------------------------|------------------------------------|
| 509 907                       | (5 670 620)                        | (5 160 713)                        | Executive and council           | 1 205 634                     | (5 746 495)                        | (4 540 860)                        |
| 9 798 543                     | (6 312 849)                        | 3 485 694                          | Budget and treasury office      | 11 009 248                    | (3 662 694)                        | 7 346 554                          |
| 17 174 905                    | (13 945 673)                       | 3 229 232                          | Corporate Services              | 19 950 188                    | (11 612 276)                       | 8 337 912                          |
| -                             | -                                  | -                                  | Planning & Development          | -                             | -                                  | -                                  |
| (3 908)                       | (60 581)                           | (64 489)                           | Health                          | (3 395)                       | (65 120)                           | (68 515)                           |
| 281 693                       | (1 438 228)                        | (1 156 535)                        | Community and social services   | 1 391 436                     | (3 425 175)                        | (2 033 739)                        |
| 8 975 110                     | (9 033 975)                        | (58 865)                           | Housing                         | 14 797                        | (198 156)                          | (183 359)                          |
| -                             | (46 099)                           | (46 099)                           | Public Safety                   | -                             | (59 906)                           | (59 906)                           |
| 1 192 529                     | (2 820 982)                        | (1 628 453)                        | Sport and Recreation            | 1 194 585                     | (2 590 641)                        | (1 396 056)                        |
| -                             | -                                  | -                                  | Environmental Protection        | -                             | -                                  | -                                  |
| 2 441 053                     | (2 117 173)                        | 323 881                            | Waste Management                | 2 915 629                     | (2 983 723)                        | (68 094)                           |
| 3 966 665                     | (2 111 151)                        | 1 855 514                          | Waste Water Management          | 5 342 371                     | (2 735 400)                        | 2 606 971                          |
| 4 333 897                     | (5 881 061)                        | (1 547 164)                        | Road Transport                  | 7 243 203                     | (5 551 927)                        | 1 691 276                          |
| 6 163 930                     | (4 657 383)                        | 1 506 547                          | Water                           | 5 973 756                     | (5 383 690)                        | 590 066                            |
| 8 354 409                     | (10 649 648)                       | (2 295 240)                        | Electricity                     | 9 079 680                     | (11 802 589)                       | (2 722 909)                        |
| 63 188 734                    | (64 745 424)                       | (1 556 690)                        | Sub Total                       | 65 317 132                    | (55 817 792)                       | 9 499 340                          |
| -                             | -                                  | -                                  | Less Inter-Departmental Charges | -                             | -                                  | -                                  |
| 63 188 734                    | (64 745 424)                       | (1 556 690)                        | <b>Total</b>                    | 65 317 132                    | (55 817 792)                       | 9 499 340                          |
|                               |                                    |                                    |                                 |                               |                                    |                                    |

**APPENDIX C**  
**RICHTERSVELD MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**  
**MUNICIPAL VOTES CLASSIFICATIONS**

| 2014<br>Actual<br>Income<br>R | 2014<br>Actual<br>Expenditure<br>R | 2014<br>Surplus/<br>(Deficit)<br>R |   | 2015<br>Actual<br>Income<br>R | 2015<br>Actual<br>Expenditure<br>R | 2015<br>Surplus/<br>(Deficit)<br>R |
|-------------------------------|------------------------------------|------------------------------------|---|-------------------------------|------------------------------------|------------------------------------|
|                               |                                    |                                    | <b>Executive and Council</b>                  |                               |                                    |                                    |
| 431 956                       | (4 308 686)                        | (3 876 730)                        | Council General Expenses                      | 1 163 698                     | (4 307 635)                        | (3 143 938)                        |
| 77 951                        | (1 361 935)                        | (1 283 984)                        | Municipal Manager                             | 41 937                        | (1 438 859)                        | (1 396 923)                        |
|                               |                                    |                                    | <b>Administration: Corporate</b>              |                               |                                    |                                    |
| 16 724 824                    | -                                  | 16 724 824                         | Administration.                               | 19 436 543                    | -                                  | 19 436 543                         |
| (3 908)                       | (60 581)                           | (64 489)                           | Health Services                               | (3 395)                       | (65 120)                           | (68 515)                           |
| (15 255)                      | (1 364 900)                        | (1 380 155)                        | Library                                       | 1 063 527                     | (3 344 858)                        | (2 281 331)                        |
| 328 748                       | (596 780)                          | (268 033)                          | Offices                                       | 524 394                       | (481 668)                          | 42 726                             |
|                               |                                    |                                    | <b>Administration: Community</b>              |                               |                                    |                                    |
| 121 334                       | (307 173)                          | (185 839)                          | Properties                                    | (10 749)                      | (1 094 326)                        | (1 105 075)                        |
| 295 418                       | (18 047)                           | 277 371                            | Commonage                                     | 336 093                       | (18 041)                           | 318 052                            |
| 5 342                         | (24 448)                           | (19 106)                           | Cemetery                                      | 6 837                         | (29 001)                           | (22 164)                           |
| -                             | (49 277)                           | (49 277)                           | Housing Scheme 4                              | -                             | (169 222)                          | (169 222)                          |
| 8 975 110                     | (8 984 698)                        | (9 588)                            | Housing Scheme 5                              | 14 797                        | (28 934)                           | (14 137)                           |
| -                             | (46 099)                           | (46 099)                           | Fire Brigade                                  | -                             | (59 906)                           | (59 906)                           |
| (22 310)                      | (944 657)                          | (966 967)                          | Workshop                                      | (19 384)                      | (1 406 975)                        | (1 426 359)                        |
|                               |                                    |                                    | <b>Administration: Sport &amp; Recreation</b> |                               |                                    |                                    |
| -                             | (76 382)                           | (76 382)                           | Beaches                                       | -                             | (80 559)                           | (80 559)                           |
| 1 191 360                     | (2 076 617)                        | (885 257)                          | Caravan Park                                  | 1 182 407                     | (2 279 308)                        | (1 096 901)                        |
| 3 075                         | (157 224)                          | (154 149)                          | Community Gym                                 | 9 689                         | (193 750)                          | (184 062)                          |
| (3 812)                       | (30 833)                           | (34 645)                           | Museum  | (15 021)                      | (33 275)                           | (48 296)                           |
| (1 905)                       | (446 931)                          | (448 837)                          | Recreational Park                             | 2 489                         | (25 554)                           | (23 064)                           |
|                               |                                    |                                    | <b>Financial Services</b>                     |                               |                                    |                                    |
| 3 228 702                     | (15 046 046)                       | (11 817 344)                       | Administration                                | 2 805 438                     | (12 303 882)                       | (9 498 444)                        |
| 6 569 841                     | (4 308 524)                        | 2 261 317                          | Assessment Rates                              | 8 203 810                     | (1 395 094)                        | 6 808 716                          |
|                               |                                    |                                    | <b>Infrastructure</b>                         |                               |                                    |                                    |
| 8 354 409                     | (10 649 648)                       | (2 295 240)                        | Electricity Service                           | 9 079 680                     | (11 802 589)                       | (2 722 909)                        |
| 2 441 053                     | (2 117 173)                        | 323 881                            | Refuse Removal                                | 2 915 629                     | (2 983 723)                        | (68 094)                           |
| 4 356 208                     | (4 765 257)                        | (409 049)                          | Roads & Storm water                           | 7 216 038                     | (3 864 185)                        | 3 351 853                          |
| 3 966 665                     | (2 111 151)                        | 1 855 514                          | Sewerage Service                              | 5 342 371                     | (2 735 400)                        | 2 606 971                          |
| -                             | (63 828)                           | (63 828)                           | Sport Ground                                  | -                             | (11 470)                           | (11 470)                           |
| -                             | (171 148)                          | (171 148)                          | Vehicle Testing                               | 46 549                        | (280 767)                          | (234 218)                          |
| 6 163 930                     | (4 657 383)                        | 1 506 547                          | Water Service                                 | 5 973 756                     | (5 383 690)                        | 590 066                            |
| 63 188 734                    | (64 745 424)                       | (1 556 690)                        | Sub Total                                     | 65 317 132                    | (55 817 792)                       | 9 499 340                          |
| -                             | -                                  | -                                  | Less Inter-Departmental Charges               | -                             | -                                  | -                                  |
| 63 188 734                    | (64 745 424)                       | (1 556 690)                        | <b>Total</b>                                  | 65 317 132                    | (55 817 792)                       | 9 499 340                          |
|                               |                                    |                                    |   |                               |                                    |                                    |



**APPENDIX D**  
**RICHTERSVELD MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

| Grant Description                          | Balance<br>30 June 2014 | Correction<br>of Error | Restated<br>Balance<br>30 June 2014 | Contributions<br>during the year | Interest<br>on Investments | Repaid<br>to<br>National<br>Revenue<br>Fund | Operating<br>Expenditure<br>during the year<br>Transferred<br>to Revenue | Capital<br>Expenditure<br>during the year<br>Transferred<br>to Revenue | Balance<br>30 June 2015 | Unspent<br>30 June 2015<br>(Creditor) | Unpaid<br>30 June 2015<br>(Debtor) |
|--|-------------------------|------------------------|-------------------------------------|----------------------------------|----------------------------|---|--|--|-------------------------|---------------------------------------|------------------------------------|
| <b><u>National Government Grants</u></b>   |                         |                        |                                     |                                  |                            |   |  |  |                         |                                       |                                    |
| Equitable Share                            | -                       | -                      | -                                   | 12 817 000                       | -                          | -   | (12 817 000)   | -  | -                       | -                                     | -                                  |
| Finance Management Grant                   | 48 556                  | -                      | 48 556                              | 1 800 000                        | -                          | -   | (1 743 098)  | -  | 105 458                 | 105 458                               | -                                  |
| Municipal System Improvement Grant         | 372 261                 | -                      | 372 261                             | 934 000                          | -                          | -   | (1 099 810)  | (164 238)  | 42 213                  | 42 213                                | -                                  |
| Municipal Infrastructure Grant             | (1 091 527)             | (1 010 000)            | (2 101 527)                         | 10 182 000                       | -                          | -   | (570)  | (8 066 223)  | 13 680                  | 13 680                                | -                                  |
| <b>Total National Government Grants</b>    | <b>(670 709)</b>        | <b>(1 010 000)</b>     | <b>(1 680 709)</b>                  | <b>25 733 000</b>                | <b>-</b>                   | <b>-</b>                                    | <b>(15 660 478)</b>  | <b>(8 230 462)</b>   | <b>161 351</b>          | <b>161 351</b>                        | <b>-</b>                           |
| <b><u>Provincial Government Grants</u></b> |                         |                        |                                     |                                  |                            |   |  |  |                         |                                       |                                    |
| Library                                    | 182 612                 | -                      | 182 612                             | 796 000                          | -                          | -   | (934 383)  | -  | 44 229                  | 44 229                                | -                                  |
| Accelerated Infrastructure Programme       | 47 067                  | -                      | 47 067                              | 2 409 773                        | -                          | -   | (2 409 773)  | -  | 47 067                  | 47 067                                | -                                  |
| CoGTA (Housing)                            | 1 831 690               | (1 831 690)            | -                                   | -                                | -                          | -   | -  | -  | -                       | -                                     | -                                  |
| CoGTA (Flood Damage Kuboes)                | 50 619                  | -                      | 50 619                              | -                                | -                          | -   | (50 619)   | -  | -                       | -                                     | -                                  |
| CoGTA Water Bulk Infrastructure Govern     | -                       | -                      | -                                   | 643 339                          | -                          | -   | (218 344)  | (424 995)  | -                       | -                                     | -                                  |
| Expanded Public Works Programme            | 345 640                 | -                      | 345 640                             | 1 000 000                        | -                          | -   | (1 308 796)  | -  | 36 844                  | 36 844                                | -                                  |
| <b>Total Provincial Government Grants</b>  | <b>2 457 627</b>        | <b>(1 831 690)</b>     | <b>625 937</b>                      | <b>4 849 112</b>                 | <b>-</b>                   | <b>-</b>                                    | <b>(4 921 916)</b>   | <b>(424 995)</b>   | <b>128 139</b>          | <b>128 139</b>                        | <b>-</b>                           |
| <b><u>District Municipality</u></b>        |                         |                        |                                     |                                  |                            |   |  |  |                         |                                       |                                    |
| Namakwa District Municipality              | -                       | -                      | -                                   | 97 610                           | -                          | -   | (97 552)   | -  | 58                      | 58                                    | -                                  |
| <b>Total District Municipality Grants</b>  | <b>-</b>                | <b>-</b>               | <b>-</b>                            | <b>97 610</b>                    | <b>-</b>                   | <b>-</b>                                    | <b>(97 552)</b>  | <b>-</b>   | <b>58</b>               | <b>58</b>                             | <b>-</b>                           |
| <b><u>Other Grant Providers</u></b>        |                         |                        |                                     |                                  |                            |   |  |  |                         |                                       |                                    |
| De Beers                                   | 698                     | -                      | 698                                 | -                                | -                          | -   | (698)  | -  | -                       | -                                     | -                                  |
| <b>Total Other Grant Providers</b>         | <b>698</b>              | <b>-</b>               | <b>698</b>                          | <b>-</b>                         | <b>-</b>                   | <b>-</b>                                    | <b>(698)</b>   | <b>-</b>   | <b>-</b>                | <b>-</b>                              | <b>-</b>                           |
| <b>Total Grants</b>                        | <b>1 787 616</b>        | <b>(2 841 690)</b>     | <b>(1 054 074)</b>                  | <b>30 679 722</b>                | <b>-</b>                   | <b>-</b>                                    | <b>(20 680 644)</b>  | <b>(8 655 456)</b>   | <b>289 547</b>          | <b>289 547</b>                        | <b>-</b>                           |

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.